

**LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO**

## NEWS: EUROPE

## Croats take hard line on Moslem sea port

By Gillian Tett in London and Laura Silber in Belgrade

CROATIAN President Franjo Tudjman yesterday appeared to damp hopes of a rapid resumption of the Bosnian peace talks when he said he was not prepared to make any further concessions to the Moslems' territorial demands.

Speaking in Zagreb, five days after the breakdown of the talks in Geneva, Mr Tudjman insisted he would not hand over the Adriatic port of Neum to the Bosnian government.

Mr Alija Izetbegovic, Bosnian president, who yesterday met United Nations officials in New York, has repeatedly insisted that peace talks cannot restart unless the Croats guarantee the Moslems access to the Adriatic.

Mr Tudjman's statement came amid signs that US officials were seeking to step up the pressure on both the Serbs and Croats to make fresh territorial concessions.

In an apparent attempt to force Serb leaders to be more flexible, the west has moved to stop sanctions busting along Serbia's southern border, it emerged yesterday.

The former Yugoslav republic of Macedonia, apparently prompted by the US, announced that it had stopped illegal commercial traffic between the two states.

Meanwhile, as Moslem and Croat forces continued to jostle for land in central Bosnia, UN officials warned that another



Bosnian Serb soldiers conducting exercises in positions near the northern town of Doboj where clashes continue with Moslems

humanitarian crisis was developing in the central Bosnian town of Jablanica.

In the last week up to 10,000 Moslem refugees had arrived in the small mountain town, which has been cut off from aid convoys by fighting between Moslem and Croat

forces, according to Mr Ray Wilkinson, a UN spokesman in Sarajevo.

The majority of the refugees appeared to be victims of Croat "ethnic cleansing", although 400 men had also apparently come from Croat detention camps, Mr Wilkinson said.

## Mostar wounded evacuated

FOURTEEN wounded patients were evacuated from a makeshift hospital in the besieged Moslem quarter of Mostar yesterday as part of a reciprocal agreement between Moslem and Croat military leaders, Reuters reports from Mostar.

Spanish peacekeeping troops took the 14, mostly soldiers but

including one injured woman and a child, to the nearby town of Medjugorje. The evacuation had been delayed since Saturday.

From there, they set off by Bosnian army helicopter to the Moslem-held town of Zenica.

Nato fighter aircraft flew over the Medjugorje area

before and during the airlift, dropping flares to discourage attacks.

During an airlift of Croat wounded from Nova Bila hospital in central Bosnia last week, a helicopter pilot said his aircraft had been fired on by Moslems. His claim could not be independently verified.

## Commissioner brushes aside British resistance to social legislation

## Brussels sets sights on works councils

By David Goodhart, Labour Editor

THE EUROPEAN Commission yesterday served notice that as soon as the Maastricht treaty has been ratified it will side-step the resistance of the British government and push ahead with the directive on establishing works councils for consulting employees in large companies.

Mr Pedro Pablo Kuczynski, social and employment affairs commissioner, said yesterday in an address to the British Trades

Union Congress conference in Brighton that all Community countries except Britain had agreed to start implementing the directive, which will affect about 700 larger companies in Europe.

Britain will not be directly affected, as it has opted out of the Maastricht treaty social chapter, but about 100 UK multinationals will be drawn in through their European subsidiaries. Assuming that the Maastricht treaty is ratified in November, the works council legislation could

become law, after a period of consultation, within six months.

Mr Flynn said he regretted the British "opt-out" from the social chapter and hoped that the UK would rejoin the other 11 before "too huge a chasm" has built up on social legislation.

But he also confirmed that the Commission last week agreed an "opinion" on equitable wages, which has no legislative force but underlines the philosophical difference between the UK government,

which has been abolishing minimum wage legislation, and the European Commission.

Mr Flynn also lent his backing to the idea of a world social charter, saying that it should be raised at the world jobs summit proposed by President Bill Clinton.

In his address to the TUC, Mr Flynn stressed that a new balance "between regulation and adaptability" was required to help create a "more employment-intensive pattern of production".

Calling for a "new social pact" to beat unemployment, he pleased his TUC audience by stressing that wage competition with countries of the Pacific Rim was not a sensible strategy but he also said that everyone would have to "give up many cherished preconceptions".

He suggested, in particular, reform of tax regimes to help job creation and further reductions and changes in working time, "bearing in mind that work sharing implies income sharing".

## Yeltsin's generals fear leading phantom army

By John Lloyd in Moscow

RUSSIAN President Boris Yeltsin made the remarkable promise, while visiting army units in the Moscow region last week, that he would spend one day a month "working with the military". It was a promise born of necessity, and of fear.

The Russian military faces a series of structural crises which any armed force would find agonising to absorb. It is suffering a dramatic loss of prestige and power: plunging recruitment; wars on and within new frontiers; a worsening housing shortage; rock-bottom pay; the absence of any military doctrine; an inability to train because of lack of fuel, ammunition and equipment; disintegrating discipline; attacks on its property and threats to the bases it still tries to hold from the Baltics to the Caucasus.

It is a tribute to the officer corps, and to the solidity of the Russian recruits, that this army has remained quiescent, with Colonel Stanislav Terekhov's national-communist Union of Officers still apparently a minority cause. But can it take much more without becoming dangerous?

Mr Yeltsin, and Marshal Pavel Grachev, the defence minister, heard these grumbles when they toured the elite Taman division (whose soldiers defended Mr Yeltsin's parliament during the August 1991 coup). Mr Yeltsin spoke about difficult times not spoiling the capacity of the Russian army to respond to any and all challenges, but it was no more than words.

An army which numbered 4m five years ago is now estimated by General Dmitri Volkogonov, Mr Yeltsin's military adviser, at about 1.5 - and falling fast. New regulations for the draft exempt the majority of young men - allowing the army to take a mere 300,000 this year. Of the spring draft, only 13 per cent had reported.

At its present rate of decline, the army will be below a target strength of 1.5m well before the set date of January 1995. Since the reduction will be an unplanned one, largely among the ranks of conscripts, it will be an army mainly composed of generals, officers and sergeants.

The option of using "contract" soldiers, the harbingers of the professional army which is an official aim, cannot fill the gap in spite of monthly pay of Rb60,000 - 10 times more than a conscript's earnings. Only a little over 100,000 have signed up this year for all the armed services.

The lack of interest is hardly surprising given that, in June, there was no pay at all for the army and, in some bases, elec-

tricity and gas were cut off. In addition to the vast demobilisation, and withdrawal from former satellites, the armed forces must adjust to a world at once less and more threatening than that in which they flourished.

They have lost a great enemy to their west and found little ones everywhere else, but especially to the south. The North Caucasus - where an arc of ethnically-mixed autonomous states within Russia stretch across the borders of Georgia, Armenia and Azerbaijan - are in armed ferment.

Increasingly, too, Russian forces are being drawn into conflicts in former Soviet republics, including Tajikistan, Georgia - and Moldova, around the River Dniestr, where they are protecting the interests of Russian speakers.

From out of this dramatically swift re-ordering of its character and its duties, the Russian military could hardly be expected to produce a new doctrine - though one is promised. Mr Yeltsin said last week that he wanted it later this year.

The general staff talks of a smaller army - but a more professional, more efficient, better equipped force. For the moment, however, they must strive to prevent disintegration - and the politicisation of a traditionally apolitical force.

tricity and gas were cut off. In addition to the vast demobilisation, and withdrawal from former satellites, the armed forces must adjust to a world at once less and more threatening than that in which they flourished.

They have lost a great enemy to their west and found little ones everywhere else, but especially to the south. The North Caucasus - where an arc of ethnically-mixed autonomous states within Russia stretch across the borders of Georgia, Armenia and Azerbaijan - are in armed ferment.

Increasingly, too, Russian forces are being drawn into conflicts in former Soviet republics, including Tajikistan, Georgia - and Moldova, around the River Dniestr, where they are protecting the interests of Russian speakers.

From out of this dramatically swift re-ordering of its character and its duties, the Russian military could hardly be expected to produce a new doctrine - though one is promised. Mr Yeltsin said last week that he wanted it later this year.

The general staff talks of a smaller army - but a more professional, more efficient, better equipped force. For the moment, however, they must strive to prevent disintegration - and the politicisation of a traditionally apolitical force.

## Azeris may join CIS and improve chances of peace

By John Lloyd

THE chances of settling the Nagorno-Karabakh conflict improved yesterday after talks between Mr Boris Yeltsin, the Russian president, and Mr Gaidar Aliyev, acting head of state of Azerbaijan.

Speaking after meeting Mr Yeltsin, Mr Aliyev said that the "self-imposed isolation" visited on Azerbaijan by the previous government of Mr Abulfaz Elchibey was now over - and that he may apply for membership of the Commonwealth of Independent States at its next summit meeting on September 24 in Moscow. On Nagorno-Karabakh, Mr Aliyev said that the problem was "not that of Azerbaijan's alone, but of the entire Caucasus. The Russian Federation cannot remain indifferent to the conflict between Azerbaijan and Armenia."

Membership of the CIS would bring Azerbaijan into closer contact with Armenia, a member since its inception - while Mr Aliyev's comments on Russia's interest in the Caucasian conflicts clearly marks out a role for Russia as mediator and peace-maker.

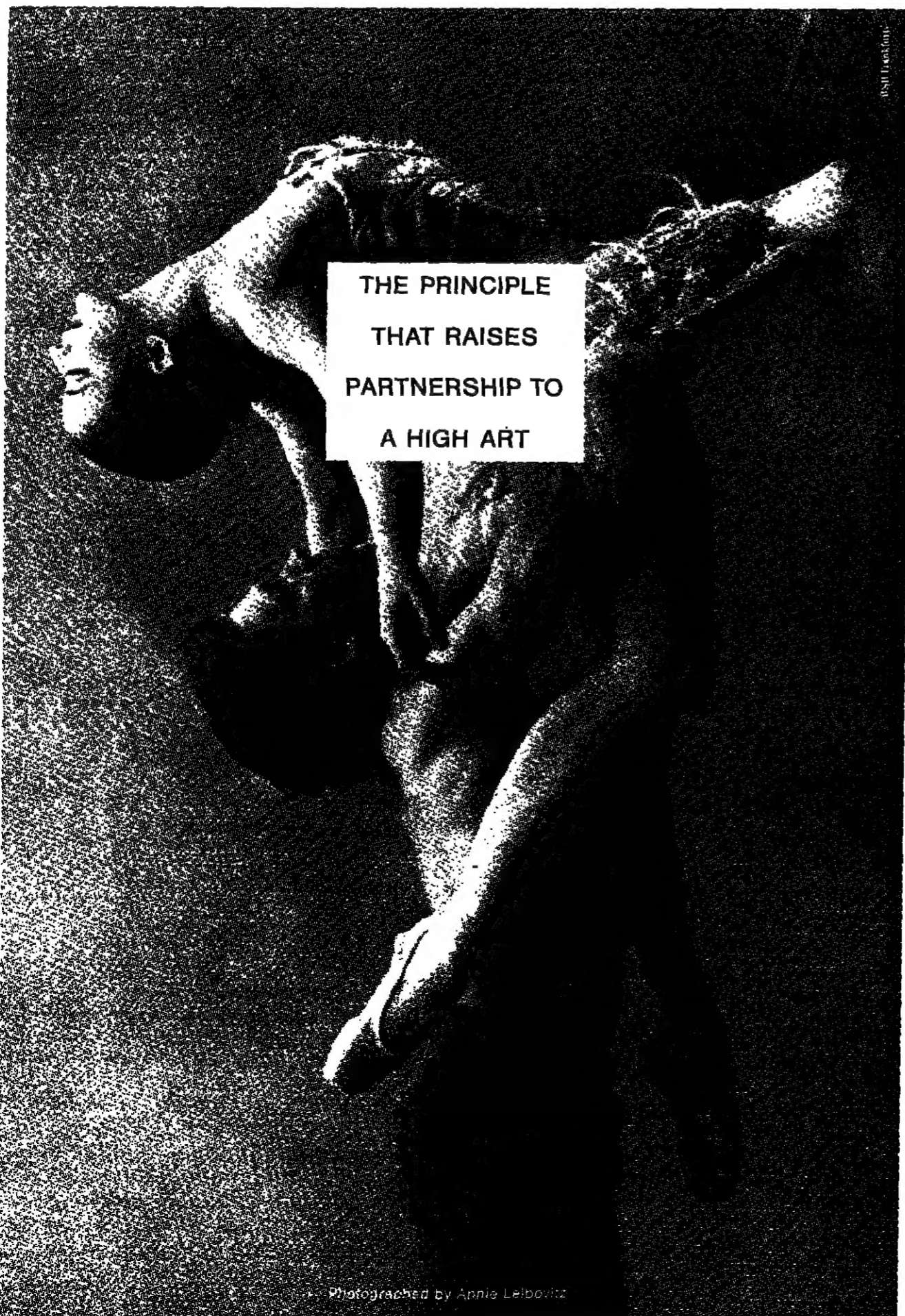
Mrs Tamsin Ciller, the Turkish prime minister, is to visit Moscow tomorrow, for talks on

the conflict - which has seen Armenian forces take the south-western part of Azerbaijan up to the Iranian border, with floods of refugees crossing the frontier. Mr Aliyev is expected to remain in Moscow to meet Mrs Ciller.

THE FINANCIAL TIMES  
Published by The Financial Times (Europe) GmbH, Niederwallstrasse 3, 60318 Frankfurt am Main, Germany. Telephone: +49 69 156 330. Fax: +49 69 966481. Telex: 416193. Represented by Edward Hugo, Managing Director. Printer: DVM Druck-Vertrieb und Marketing GmbH, Adminal-Rosenblatt-Straße 3a, 63303 Neu-Isenburg (owned by Hürthel International). Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany) Advertising Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE  
Publishing Director: J. Rolly, 168 Rue de Rivoli, F-75004 Paris Cedex 01. Telephone: (01) 4297-0621. Fax: (01) 4297-0629. Printer: S.A. Nord Editeur, 1521 Rue de Caen, F-93100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: 1148-7753. Comptroller: Pauline No 6788D.

DENMARK  
Financial Times (Scandinavia) Ltd, Vimmelskæft 42A, DK-1161 Copenhagen K. Telephone 33 14 44 41. Fax 33 95 55 35.



THE PRINCIPLE  
THAT RAISES  
PARTNERSHIP TO  
A HIGH ART

THE WIR PRINZIP

■ Every new venture begins with an idea - and internationality, expertise and experience, with a risk. Whether that involves international DG BANK volunteers an operating principle trade, equity investment, corporate borrowing that makes every customer a partner in a or liquidity management, your singular way. ■ We call it new associate represents an the "WIR PRINZIP", to which unknown quantity. So diverging DG BANK and its staff are interests, and the incalculable wholeheartedly committed. The human element inherent in every business WIR PRINZIP is rooted in the classic tradition relationship, present possible impediments of the cooperative system linking equal business partners. And it has a great future ahead to cooperation based on mutual trust. ■ of it. Because it exemplifies the central idea of The necessary rapport is achieved only partnership: that mutual cooperation leads to self-interest within a balanced concept. mutual success. As a customer you participate Because both partners want to profit, both in this way of doing business not only through want security. In an increasingly complex the customer-driven service quality of business environment, your bank's counselling skills are a vital aid for custom-tailored DG BANK; you will also find the same partner-focused philosophy where it has always been concepts of this nature. In addition to at home - in every Volksbank and Raiffeisenbank.

Headoffice: DG BANK, Am Platz der Republik, D-60325 Frankfurt am Main. Offices in: Amsterdam, Atlanta, Hong Kong, London, Luxembourg, Madrid, Milan, Moscow, New York, Paris, Rio de Janeiro, Tokyo, Zurich.

DG BANK

Photographed by Anna Leibovitz

# France's economy on recovery course

By Alice Rawsthorn and David Duchan in Paris

HOPES that 1994 will be a year of recovery for the troubled French economy were strengthened yesterday by confirmation from the government that it expects growth of 1.4 per cent in gross domestic product next year.

The Economy Ministry, which is finalising plans for the 1994 budget due to be completed by September 23, is sticking to the growth forecast it made in June. However, this 1.4 per cent figure conceals changes in the underlying state of the economy.

Consumer expenditure is expected to rise more slowly than initially forecast because the recent reductions in inter-

est rates have been too slight to restore consumer confidence. By contrast, the ministry has upgraded its forecast for exports to 3.2 per cent growth due to the recent fall in the value of the French franc.

The ministry's cautious confidence was reinforced by the publication of a small business survey by *La Tribune*, the economic newspaper, which showed that France's small and medium-sized companies, which have borne the brunt of the recession, are less pessimistic about the economic outlook.

More than half of the companies surveyed believed that the economic situation had stabilised, against just 5 per cent in a previous study made in April. Only 42 per cent said

that the climate had worsened, compared with 81 per cent in April.

Meanwhile, the prime minister, Mr. Edouard Balladur, yesterday agreed to link a possible reduction in overall working hours more closely with provisions to make labour patterns more flexible, in order to make the government's proposed five-year employment programme more palatable to the unions.

The draft law will go to parliament later this month.

At the end of a nine-hour meeting with unions and employers yesterday, Mr. Balladur stressed his desire for the two sides of industry "to negotiate wherever possible, rather than to have rules imposed on them".

## French to reform pay-TV and cable

By Alice Rawsthorn in Paris

THE French government is considering plans to forge closer links between Canal-Plus, the successful pay-TV channel, and the struggling cable television network, as part of its forthcoming broadcasting reforms.

Mr. Alain Carignon, communications minister, told *Les Echos*, the French financial newspaper, that the reforms could include the sale of Canal-Plus as part of a package including cable channels in an attempt to boost cable subscriptions.

At present Canal-Plus, which offers a mix of films and sport, is sold separately from cable. Since its 1985 launch it has become one of France's most dynamic channels, with 3.6m subscribers at the end of last year. The cable system, by contrast, has attracted only 1m subscribers and is burdened by heavy losses. Some observers suspect that Canal-Plus's success and its popularity with viewers has made life even more difficult for the cable companies.

The original franchise for Canal-Plus, whose chairman, Mr. André Rousselet, is a close friend of Mr. François Mitterrand, the socialist president, comes up for renewal at the end of 1995. The new centre-right government will in December present its proposals for the new franchise.

Mr. Carignon told *Les Echos* that Canal-Plus should benefit from his plans to change the franchise system so that each licence lasts for five to six years and is automatically renewable three times, provided the holders meet their legal obligations.

As a result, he said, the pay-TV channel should try to help cable's development. Canal-Plus said it could not comment on the government's plans as the situation was "so delicate". The reforms are also likely to include proposals to raise the maximum size of shareholdings in television companies from 25 per cent to 50 per cent.

## W German industry wants special regime for eastern goods Kohl plea for investment in east

By Judy Dempsey in Berlin

WEST GERMAN industry yesterday called for special treatment for east German goods in response to a call by Chancellor Helmut Kohl for investment to be stepped up in the east of the country as a means of countering the collapse of the economy there.

Mr. Kohl made his appeal at a meeting in the Chancellery with industry and unions. He and government officials are increasingly concerned about rising unemployment in the five eastern Länder. The rate is 15 per cent of the 8m-strong labour force, but when job creation schemes, short-term work, and retraining programmes are taken into account, the figure exceeds 35 per cent.

The restructuring process "could not be left solely to the

THE head of Germany's union federation, Mr. Heinz-Werner Meyer, is threatening strikes if parliament agrees to cut paid sick leave to finance a new healthcare scheme, writes Ariane Gentilard in Bonn. He also threatened to sue the government in the constitutional court, claiming the cut breached wage agreements.

Yesterday's threat has come as parliament considers a bill providing for six unpaid sick days a year, to offset extra social insurance charges on employers. The extra charges, also paid by employees, would finance a statutory healthcare scheme for the old and chronically sick. Both unions and employers' associations have strongly opposed the scheme.

free play of market forces". Mr. Kohl said, calling on western industry to invest more in the east to stem the fall in manufacturing and induce growth. He singled out how investments in construction, services and crafts in small workshops were already contributing to the slight growth in gross domestic product.

These three sectors are largely fueling GDP which is

forecast to grow by about 6 per cent this year - albeit from a very low base following a 30 per cent decline in 1991. They are mainly focused on the local market in eastern Germany, rather than exports.

At yesterday's meeting the Federation of German Industry (BDI) said higher investment should be coupled with a system granting preferential treatment, including tax benefits,

for east German products in order to make them "good value". West German industry has so far placed DM14bn (\$5.6bn) worth of orders in the east over the past two years. Last week the BDI said it would increase its purchases from the eastern states to DM25bn a year by 1995.

The need to create local pockets of industry in eastern Germany stems not only from high unemployment. It reflects a tacit admission by west German industry, unions and government officials that the entire structure of wage agreements there has priced the region out of the market.

Wages in most sectors are now 80 per cent of west German levels, but productivity, particularly in steel, engineering and mining, are about 70 per cent below levels in the west.

The Financial Times plans to publish a Survey on

## MEXICO

on Monday, October, 11th 1993

against a backdrop of next year's Presidential elections, and with the North American Free Trade Agreement still hanging in the balance.

The survey will include among other topics, assessments of the economy, the banks and brokerages, and examine Mexico and its standing on the international markets, as well as spotlighting the country's most important companies.

Information on advertising opportunities and rates can be obtained from Paul Maraviglia on 071-873 3447 or Fax. 071-873 3595.

## Half-win awaits Brundtland

Karen Fossli on why Norway's PM views election with ambivalence

NORWAY'S prime minister, Mrs. Gro Harlem Brundtland, seems certain to lead her Labour party to victory in the country's general election next Monday. But she is deriving little cheer from that.

For the election is likely to make her struggle to bring Norway into the European Community all the more difficult as anti-EC parties look set to boost their parliamentary representation.

An electorate ever-resistant to the prospect of EC membership will see to that. And to make matters worse, she will not have support on Europe from the party with which she has formed an alliance.

What this all means is that Mrs. Brundtland and her party colleagues are going around campaigning for re-election with one of their most important policy issues virtually unmentioned.

Judging from the polls, Labour is widely expected to retain 53 seats in the 165-seat parliament, while the Socialist Left (SV) party is set to increase its parliamentary

mandate to 22 seats from 17. The majority that this would give the alliance may result in a shift to the left in current policy, with higher taxes and higher public expenditure in prospect. However, the deep division between them on Europe is likely to rule out a coalition government.

According to the polls, the agrarian anti-EC Centre party is expected to boost its representation to 17 seats from 11, while the main opposition Conservative party will lose two seats to end up with 37 after what analysts describe as a "faceless" campaign. The right-wing Progress party looks set to see its 22 parliamentary seats shrink to 12.

For Labour the result is widely expected to be the same as it was in the 1989 election - around 34 per cent of the vote; its worst result since 1930.

In 1989, Labour was forced to make way for a centre-right coalition government, when it became clear that the bloc of 80 parliamentary seats, 53 of which were won by Labour and 17 by the SV, was not

enough to outweigh the five non-socialist parties which won 84 seats.

A centre-right tripartite coalition formed a government which fell quickly on the Europe issue. Labour stepped in to pick up the pieces at the height of Norway's worst post-war economic crisis.

As Mrs. Brundtland trudged around northern Norway at the weekend, her message to the electorate - that a vote for Labour did not mean a vote for EC membership - for the most part fell on deaf ears.

"If we do not achieve a result which the government can recommend to the Norwegian people, we do not have a result that we can go out and fight for," she told fishermen in Hammerfest, Europe's northernmost city.

In the high north, where fishing provides the mainstay of household income, there is decided scepticism about EC membership. The fishermen fear membership means relinquishing part of their hard-earned fishing quotas to Europe's fishermen, who, after having depleted their own

resources, will look to Norway to boost their catch.

However, a feeling is emerging that if Norway can conclude an acceptable negotiating result on fish with Brussels, allowing free market access and unchanged quotas, then membership could be tolerated.

The reason is that membership might have the effect of boosting Norway's exports to the Community of processed fish and fish products.

During the election campaign Mrs. Brundtland has adamantly refused to debate the EC question, insisting it is not an EC election and that the issue will be decided in a referendum to be held in 1994 or 1995.

"Many people are sceptical and many are negative about Norwegian membership. Despite this there is broad agreement about the Labour Party's and the government's strategy; that it was right of us to seek membership, that we must negotiate and that we must achieve a result which the people can vote on in a referendum," she said.

## HOW THE GARDEN STATE HELPS BUSINESSES GROW.

**An extensive transportation infrastructure network**  
New Jersey's comprehensive system of roads, airports, ports and rail connections makes it easy to reach virtually every foreign or domestic market. We are investing billions of dollars each year in our transportation network, sewers, schools and our beaches to improve our economy and quality of life.

**Proximity to major markets here and abroad**  
New Jersey offers businesses easy access to foreign markets in Europe as well as lucrative domestic markets. In fact, over 60 million consumers - a full 28% of the nation's buying power - are located within a 250-mile radius.

**One of the nation's most educated and highly skilled workforces**  
New Jersey is home to 4 million skilled workers. Our impressive research and development capabilities give us the highest proportional concentration of scientific research manpower in any state. And we recently launched the "Workforce Development Partnership," one of the most comprehensive worker education and training programs in the nation.

**Tax structures**  
New Jersey has the lowest corporate income taxes in the northeast region, no capital stock tax, no unincorporated business tax, no business personal property tax, no commercial rent or occupancy tax and no retail gross receipts tax. Personal income taxes are among the region's lowest.

**A pro business state government**  
New Jersey offers a wide range of financial and technical assistance programs to businesses of all sizes. The "Report Card on the States" from the Corporation for Enterprise Development ranked New Jersey in the top three for promoting business expansion and the top four for government programs to boost business development. We can help you cut red tape and expedite the permitting process.

**Put it all to work for you**  
To find out how the Garden State can help your business grow, call the Department of Commerce and Economic Development at 1-800-981-2335.



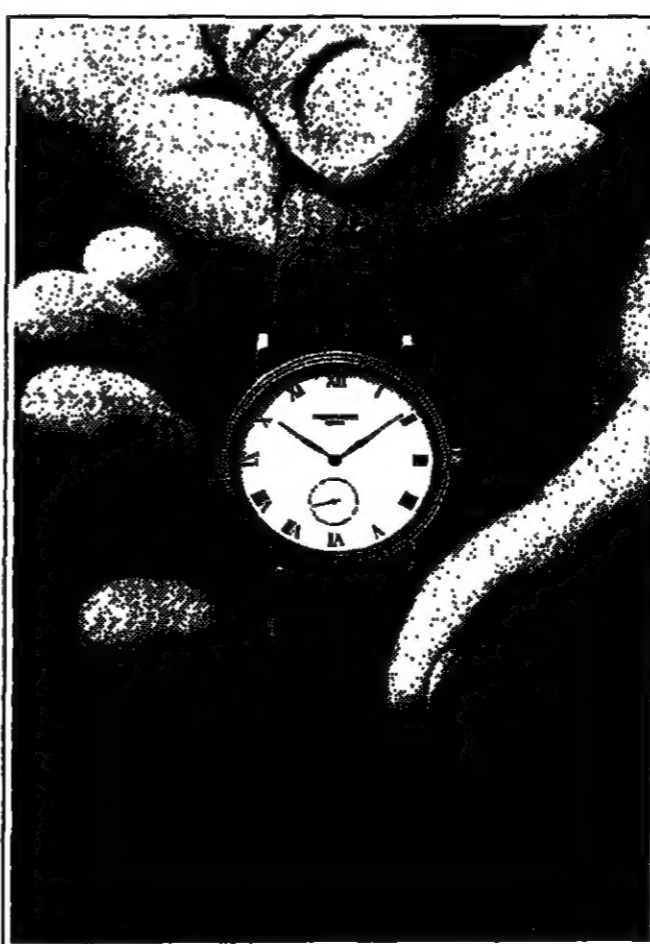
New Jersey Department of Commerce and Economic Development

Barbara McConnell  
Commissioner

Jim Florio  
Governor

Division of Economic Development • Division of International Trade  
Division of Development for Small Businesses and Women and Minority Businesses  
Division of Travel and Tourism • Economic Development Authority • Urban Enterprise Zone Authority  
Commission on Science and Technology • Commission on Motion Picture and Television

For more than a century and a half, Patek Philippe has been known as the finest watch in the world. The reason is very simple. It is made differently. It is made using skills and techniques that others have lost or forgotten. It is made with attention to detail very few people would notice. It is made, we have to admit, with a total disregard for time. If



a particular Patek Philippe movement requires four years of continuous work to bring to absolute perfection, we will take four years. The result will be a watch that is unlike any other. A watch that conveys quality from first glance and first touch. A watch with a distinction: generation after generation it has been worn, loved and collected by those who are very difficult to please; those who will only accept the best. For the day that you take delivery of your Patek Philippe, you will have acquired the best. Your watch will be a masterpiece, quietly reflecting your own values. A watch that was made to be treasured.

**PATEK PHILIPPE**  
GENEVE

Exclusive Patek Philippe showroom: 15 New Bond Street, London • Asprey & Co Ltd, 165 New Bond Street, London  
Garrard & Co Ltd, 112 Regent Street, London • George Pragnell Ltd, 5 Wood Street, Stratford-upon-Avon  
Hamilton & Inches Ltd, 87 George Street, Edinburgh  
Hertich Ltd, 1 King Street, Jersey Channel Islands

**Watches of Switzerland**  
Selected Branches Nationwide

## NEWS: INTERNATIONAL

## Inspectors freeze dealing in leading stocks

## Mehta probe fears hit Indian shares

By Stefan Wagstyl  
in New Delhi and  
R C Murthy in Bombay

INDIAN shares fell sharply yesterday following news that income tax inspectors had frozen dealings in large blocks of leading stocks as part of an investigation into the affairs of Mr Harshad Mehta, the broker at the centre of last year's Bombay financial scandal.

Even though the Bombay Stock Exchange urged investors to stay calm, the index of 30 leading shares fell 42.96 points to 2,621.20 amid concern that the inspectors' order could prevent trading in certain stocks for an indefinite period.

The exchange said in a statement that the inspectors' freeze applied only to specified blocks of shares in nine stocks and not to all trading in these stocks.

Last night it said the total value of the shares was some Rs1.5bn (£31.7m).

The inspectors' action has undermined the recent optimism in the market inspired by evidence of foreign financial institutions buying large

amounts of Indian shares for the first time.

The inspectors' orders apply to shares held by 134 companies and individuals connected to Mr Jagdish Narayan Bhatt, a Bombay stockbroker who dealt on behalf of Mr Mehta. The stocks in question are all large Indian companies. They include Reliance Industries, the chemicals and textiles group, Great Eastern Shipping, the transport company, and ITC, the tobacco and hotels group which is part owned by BAT of the UK.

The income tax inspectors' investigation began last year after Mr Mehta was arrested for his alleged involvement in the Rs42bn scandal which rocked the Bombay securities market last year. Mr Mehta and others were accused of trading illegally in the inter-bank securities market in order to siphon funds into the stock market.

While the Criminal Board of Investigation probed the accusations of illegal trading, the income tax authorities began to examine possible infringements of income tax law by Mr

Mehta. The tax investigation culminated in yesterday's announcement.

Mr Mehta, who denies all wrongdoing, is fighting his case hard. Earlier this year he claimed he had presented Mr P V Narashima Rao, the prime minister, with a suitcase full of cash. The statement rocked political circles and led to a no-confidence debate in parliament. Mr Narashima Rao won the vote but has not been able to dispel fully the damage done by Mr Mehta's claim.

● Punjab National Bank, one of the largest and most prosperous of India's state-owned banks, has taken over New Bank of India, a loss-making state bank.

The long-awaited move, first mooted by the Finance Ministry in 1990, was seen by officials as the only way of saving the New Bank of India from collapse. But the takeover was held up by disputes over the relative seniority of staff at the two banks.

New Bank of India lost Rs754m in the year to March, and the Punjab National Bank made a net profit of Rs380m.

## Reforms lift exports 27%

By Stefan Wagstyl  
in New Delhi

INDIA'S exports are growing strongly in the wake of its economic reforms and the devaluation of the rupee over the past two years, according to figures published yesterday.

After two years' sluggish growth, exports in the first four months of the financial year, which started in April, rose 27 per cent to \$8.9bn (£4.56bn), far exceeding the government's expectations. This compares with growth of under 5 per cent in the year to

the end of March.

The sudden increase in growth has given rise to hopes that India is at last seeing the benefits of the reform programme launched in 1991 by the government of Mr P V. Narashima Rao, the prime minister. Exports of textiles, leather goods and agricultural goods are growing strongly, as are those of engineering products.

But the surge in performance this year also includes shipments of goods delayed in the first three months by the religious disturbances which hit

the country following the sacking of the Ayodhya mosque and terrorist bombs in Bombay.

Imports in the first four months were 7 per cent down at \$7.35bn, due to low demand for machinery and industrial raw materials. However, companies continue to be concerned about possible foreign competition as barriers to the entry of imports come down.

However, the decline in imports is helping to maintain India's foreign exchange reserves at a high level of about \$7bn, on latest figures.

## Egypt takes Mideast mediator role

By Tony Walker in Cairo

MR Yassir Arafat, leader of the Palestine Liberation Organisation, is due to meet Egypt's President Hosni Mubarak today amid signs of concerted diplomatic efforts to speed the signing of framework peace agreements between Israel and all its Arab neighbours.

Egypt, the only Arab state to have made peace with Israel, appears to be playing a key mediating role in diplomacy aimed at fulfilling a stated US desire for Syria, Lebanon and Jordan to conclude outline agreements with Israel as part of a comprehensive deal under the terms of the present Middle East peace talks.

The US has nominated September 13 for a possible signing ceremony and indicated it could be held at the White House if Syria, Jordan and Lebanon were also placed to join the Palestinians in concluding accords with the Israelis.

But Syria and Lebanon both indicated yesterday that this date appeared optimistic. Mr Farouk al-Sharaa, Syrian foreign minister, told reporters in Beirut there had been "nothing new on the Syrian path" of the negotiations in Washington during the present round. Mr Faris Bouez, his Lebanese counterpart, also said that "we cannot say there is any progress compared with the previous rounds".

One indication of the intensified diplomatic manoeuvring was the decision of King Hussein of Jordan to postpone a visit to China early next week. A spokesman for the Jordanian monarch cited a flurry of activity on the Middle East peace



Yassir Arafat (right) and Egyptian Foreign Minister Amr Moussa embrace at Cairo airport yesterday

front as a reason for the postponement.

Mr Arafat held talks in Cairo yesterday with Mr Amr Moussa, the Egyptian foreign minister, after his arrival from Damascus. The two sides are believed to have focused on ways of shoring up Arab support for the PLO agreement with Israel.

Arab officials said a statement of support for the Israeli-Palestinian deal by the Gulf

Co-operation Council, representing six Gulf states, was significant since it ensured a majority within the Arab League for the peace deal.

Gulf foreign ministers meeting in Riyadh, said the GCC continued to "support peace efforts... in the hope that [Arab-Israeli] negotiations would make substantive progress along all tracks to push the peace process forward."

This was a reference to par-

allel talks between Israel and Syria, Lebanon and Jordan.

On his arrival in Cairo yesterday, Mr Arafat dismissed suggestions that Syrian endorsement had been lukewarm for the Israel-Palestinian interim peace agreement. He described his lengthy talks in Damascus on Sunday with Syrian President Hafez al-Assad as "brotherly, warm and dignified".

He told reporters: "I have thanked President Assad for the meeting, for his understanding and for all the advice he has given, especially in this atmosphere and the developments that the Palestinian and Arab cause is passing through."

Mr Assad was reported to have advised Mr Arafat that it was up to the Palestinians to say Yes or No to the peace plan. Syria's president said he would support the view of the Palestinian majority.

## Deportees set to return

ALMOST half the 398 Palestinians deported by Israel to south Lebanon expect to return tomorrow after nearly nine months in exile, Reuters reports from Marj az-Zuhour, Lebanon.

Mr Abdul Aziz al-Rantisi, deportee leader, stated at their tent camp in no-man's land yesterday that the first batch,

said by Israel to number 187 men, would return tomorrow.

The deportees expect the International Red Cross to supply them today with a list of those allowed to return, but most have already heard whether they are included. Israel says the remaining 209 exiles will be allowed back by the end of the year.

## Israel wants to hold on to Golan listening post

By Andrew Gowers  
in Jerusalem

ISRAEL is poised to negotiate with Syria on a phased withdrawal from the occupied Golan Heights in coming weeks, but will insist on making the area a demilitarised zone and keeping an electronic listening post there once Israeli troops depart, an Israeli negotiator said yesterday.

Mr David Kimche, a former top Foreign Ministry and intelligence official who is now an Israeli delegate to the multilateral Middle East peace talks, told a news conference that Israel was convinced Syria's President Hafez al-Assad was intent on a deal with the Jewish state.

The president would be spurred towards detailed negotiations by the imminent agreements between Israel and the Palestine Liberation Organisation.

But he said both sides would prefer to implement such an understanding gradually, with Syria normalising relations in steps over several years, while Israel moved off the Golan Heights, which it occupied in

the 1967 Arab-Israeli war. Mr Kimche's analysis, based on intelligence accounts of recent political deliberations in Damascus, was that Mr Assad was not ready to move rapidly to full normalisation. Equally, Israel would need a phased agreement like that under which it handed Sinai back to Egypt in the late 1970s, leaving behind a multinational peace-keeping force.

This would enable it to safeguard the security of its northern regions, which Syrian forces on the Golan threatened during the 1980s, and deal with the Israeli settlers who have since built homes and farms on the strategic heights.

The extent of any Israeli withdrawal is likely to remain the principal bone of contention in what is universally expected to be the toughest part of the bilateral Arab-Israeli talks still to come.

Syria will insist Israel commits itself to a complete pull-out, while Israel would prefer to make a declaration in principle of Syrian sovereignty over, and demilitarisation of, the Golan, leaving details such as the composition of any multinational observer force to be sorted out subsequently. "We will have to decide

whether we can do that [withdraw completely] - and if so, how we are to be compensated from the point of view of security and settlers," said Mr Kimche, stressing that the modalities of withdrawal had yet to be broached in the negotiations.

"But I cannot see by any means that we would agree to Syrian soldiers going back to the Golan."

Israel's Golan electronic listening facilities were its "eyes and ears on what's going on in Syria," he said. He added that Israel might agree to a third party - such as the US - taking over the listening post, provided Israel had access to the information.

Mr Kimche said that although Mr Assad had evidently been angered by the PLO's failure to consult him on its deal with Israel, this would help him also make peace.

He also said Israel would withdraw fully from territory in south Lebanon provided the PLO and Syria undertook to curtail attacks on Israel's northern border by the Islamic militant group, Hizbollah.

Syria was likely to maintain a strong influence over events in Lebanon, he went on, and Israel would not object to that.

## Nigeria oil strike lifted

By Paul Adams in Lagos

NIGERIA'S main oil workers' union yesterday suspended its 10-day strike, which was aimed at pressing the interim government to recognise the outcome of the June presidential elections.

Most other trade unions voted to end their strike last week, but the Nupeng union's block on fuel supplies has stopped normal operations in government and the private

sector throughout southern Nigeria. Nupeng is expected to lift the strike with immediate effect, but public and commercial transport will need most of this week to return to normal.

Nupeng's leaders described the suspension as a "tactical withdrawal... allowing a truce to give authorities time to review their position on the 12th June presidential elections and find a solution acceptable to the victors and the vast majority of people."

The other members of the Nigeria Labour Congress called off the strike when the interim government backed down over the proposed 10-fold rise in the price of petrol, but the oil workers' strike action was entirely political.

Nupeng was aiming to force the government to hand over to Mr Moshood Abiola, banned winner of the presidential polls who is taking refuge in Britain; its leaders hinted at more strikes to back their cause.

# In Telford, it's as easy getting people to work as it is getting people to work.

If you're considering relocating, consider this. In Telford, you'll find a willing, multi skilled workforce whose journey to work won't be plagued by traffic, train strikes or the '8.24' turning into the '9.25'.

What you will find is a population of young people (we have a workforce that's growing at eight times the rate of the national average) who can travel into your office or factory unimpeded. Thanks to an internal road system most commuters would give their right wheel for.

We've over 800 kilometres of fast, scenic roads and only four sets of traffic lights, not to mention our very own motorway.

Which makes journeying out of Telford every bit as easy. Most major cities are just a comfortable drive away, as are the International airports.

But our workforce is not just fresh arriving at work, it's open to fresh ideas too.

A myriad of companies from around the world mean new working practices and shift patterns (not to mention tomorrow's technology) are the norm in Telford, not the exception.

And you would expect a growing high tech town like Telford to have a thriving training sector.

In fact it has one of the largest Information Technology Centres in the UK, a new multi-million pound university and colleges geared up to provide customised training.

But it's not all work and no play.

Telford has a 450 acre town park, (the largest in Europe), swimming pools, golf courses, ski slopes, an athletics track, sports centres, a cinema, bowling alley, ice rink and more besides.

All in all Telford is both commercially and socially a hive of activity, with everything you'd expect to find in a big city.

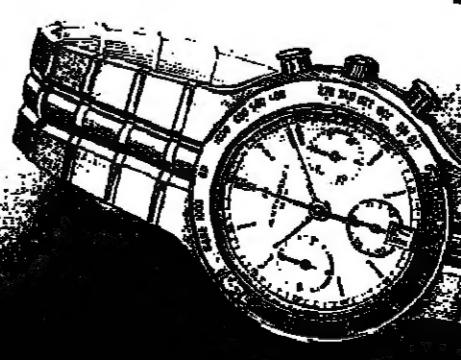
Except for stressed out people and traffic jams of course.



## Telford.

Call David Rogerson and  
his team on  
0952 293262

VACHERON CONSTANTIN  
GENEVA SINCE 1755



THE WORLD'S OLDEST WATCH MANUFACTURER, GENEVA SINCE 1755  
VACHERON CONSTANTIN, 1 RUE DES MOULINS CH 1204 GENEVE



## NEWS: THE AMERICAS

President may take measures to bypass Congress

## Clinton targets economy

By Nancy Dunne in Washington

PRESIDENT Bill Clinton yesterday vowed to do "anything I can" to stimulate a US economy plagued by job losses in both the private and public sectors.

Mr Clinton, touring areas of Florida hit last year by Hurricane Andrew, was responding to a report in the New York Times that his administration was considering short-term stimulative measures similar to those taken by President George Bush in 1992.

A \$17bn (£11.2bn) job-creating package introduced by Mr Clinton early this year was killed by a Republican filibuster in the Senate. According to the New York Times, administration officials are now considering measures which do not require congressional approval, including delays in tax collection, a speed-up of gov-

ernment spending, and an easing of rules governing the airline industry and bank lending.

Mr Clinton's autumn agenda is typically ambitious - healthcare reform, passage of the North America Free Trade Agreement, an anti-crime measure, and Vice-President Al Gore's government restructuring plan, due to be unveiled today.

However, the administration's focus on the economy is a recognition that nothing will boost its fortunes so much as a strengthened recovery.

The president must reckon with Congress's continuing appetite for budget reduction measures, going beyond the cuts in the \$500bn budget plan narrowly approved last month.

Some officials would like to direct stimulative spending towards California, the New York Times said. Unemployment in

the most populous state is now 9 per cent, thanks largely to job cuts in defence-related industries.

Mr Ron Brown, commerce secretary, has already begun to approve assistance to California, where the president's popularity has been sinking.

Late last month Mr Brown announced \$10.7m in grants for California, the first in a number of planned moves to speed defence re-conversion and revitalise the state's economy.

A \$2m grant will help convert Castle Air Force Base to a site suitable for commercial businesses. A \$1.5m grant will help the state fund the purchase of equipment to utilise aerospace technologies in the production of electric vehicles and advanced transportation systems. These projects alone are expected to create 9,000 jobs over two years.

## No easing of general's grip in 'free' Chile

David Pilling on the coming 20th anniversary of Pinochet's coup

THERE IS a little copper coin in Chile, the 10 peso piece, which depicts the angel of liberty snatching the chains of repression that for so long have bound her wrists. It does not commemorate Chile's return to democracy in 1990, after 17 years of military rule, but the coup of 1973 that brought the generals, led by Augusto Pinochet, to power.

As Chile approaches the 20th anniversary of the coup of September 11, the coin remains a small but significant reminder of the fragile balance that exists between the civilian government and the military forces. The authority of the transitional administration, led by President Patricio Aylwin, is still strictly circumscribed by the armed forces and by Gen Pinochet's 1980 constitution which remains largely intact.

Relations with the military, alternately civil and strained during the democratic transition, have become tense over the past few months. The low point was May 28 when the military took advantage of President Aylwin's absence abroad to put on a show of strength on Santiago's streets. Troops appeared in full combat gear, sporting automatic weapons and rocket launchers, as the generals - still headed by Gen Pinochet - held a meeting.

The sabre-rattling of May was largely provoked by the one issue that has dogged civilian-military relations since the 1990 handover - the matter of human rights abuses committed during the military regime. Most leaders of the armed forces believe that the issue has dragged on for too long. Many still argue that during the 1970s the military was engaged in a legitimate war against Marxism, and that their actions should not be criticised.

Furthermore, since few, if

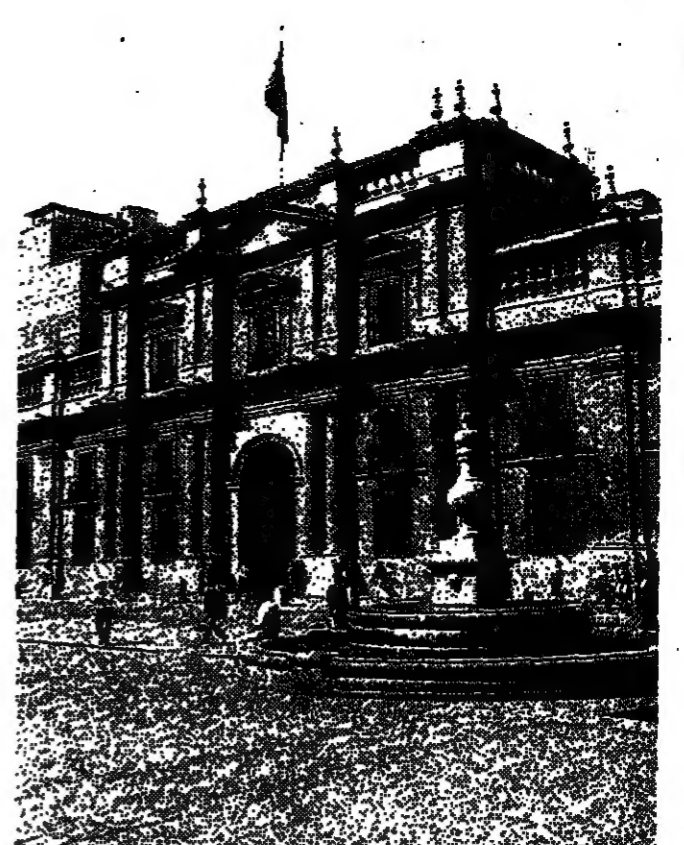
any, torturers and assassins are to be punished - because of an amnesty promulgated in 1978 - most in the military feel that to pursue trials is a waste of time which can only further sully the armed forces' reputation.

President Aylwin's recent attempt to bring the trials to a conclusion ended in disaster last week when divisions within the governing Concertación coalition killed off the president's bill. The so-called "Aylwin Law", presented to the nation in an emotional speech last month, had sought to appoint special judges to hear human rights trials in secret. The hope was largely to unearth fresh information that might have led to the discovery of bodies "disappeared" by the military.

The president was last week forced to halt the bill's progress through Congress after parties within his own coalition voted against the secret clause which they argued denied the nation its right to know. It seems clear that, during months of discussions with Gen Pinochet, the president had reached agreement with the military, but had not squared the deal within his own government.

His retreat, seen in Santiago as a personal political defeat, shows the difficulty of trying to appease politicians and soldiers when they are pulling in different directions.

The bickering within the Concertación mirrors the no less public debate over commemoration of the 20th anniversary of the 1973 coup, still a public holiday after the government's failed attempt to shift it to a less controversial day. The failure to do so in itself highlights the restrictions imposed by the 1980 constitution which, among other things, enabled Gen Pinochet to stack the Sen-



The Moneda palace, bombed in the final stages of the 1973 coup that overthrew President Salvador Allende, after restoration. The building is out of bounds to coup celebrations. Picture: Ken Warren

ate with nine of his non-elected supporters. The Concertación has insisted that the military not conduct its celebrations within four blocks of the Moneda presidential palace, the building which was bombed during the final stages of the 1973 coup that overthrew the left-wing government of President Salvador Allende.

Mr Aylwin has called on the armed forces to show restraint and to remember the families of those who suffered repression. He has also urged Chileans not to organise demonstrations in favour of or against the coup, but instead to strive for reconciliation.

Traditionally, government employees have demonstrated their disapproval of the holiday by refusing to take the day off work. But this method of protest has been denied them this year since September 11 falls on a Saturday. The possibility of clashes between opponents and supporters of the coup remains, in spite of the president's attempt to defuse matters.

Gen Pinochet, feels the far from easy.

## Reserve levels peak in Mexico

By David Luhnow in Mexico City

MEXICO has announced record levels of international reserves, which should further ease perennial worries of a currency devaluation and give the government more scope to boost the sluggish economy without fuelling inflation.

The Banco de Mexico announced on Sunday that international reserves grew to \$22.6bn (£14.9bn) at the end of August, a \$4.03bn increase from the end of last year. The trade ledger is also looking better, officials said. For the first half of the year, the current account deficit stood at \$1.0bn, 4 per cent less than at the same time last year, while the capital account to finance the deficit jumped to \$1.4bn.

"The strength of the Mexican economy gives the government a lot of room to manoeuvre," said Mr Timothy Heyman, of Baring Securities.

A tight grip on money under President Carlos Salinas has slowed inflation to 8 per cent a year and created a budget surplus of more than \$4bn dollars for the first half of the year.

But it has also choked the economy: manufacturing stagnated at 0.3 per cent annual growth for the first half of the year, according to official figures. Economists are expecting tepid year-end growth of 1.5 per cent.

Higher growth ahead of next July's presidential elections is widely seen as politically desirable for the ruling Institutional Revolutionary party. Addressing a banker's conference on Sunday, Mr Salinas said his government would run a balanced budget for the rest of this year, boosting spending by \$3bn-\$4bn.

There are also signs the government will use an extra \$8bn, including proceeds from recent media privatisations, to finance a highway project in the south.

The government will keep interest rates at current nominal levels of 13.5 per cent, down from more than 17 per cent in January, economists believe. Officials might also give in to business demands for lower corporate tax rates.

Observers are forecasting robust growth rates of 3.5 per cent next year.

## Canada set for October poll

By Bernard Simon in Toronto

CANADA'S prime minister, Ms Kim Campbell, is set to call a general election in the next day or two for October 25.

The poll, just a month short of the expiry of the ruling Progressive Conservatives' five-year mandate, promises to be one of the most closely fought and unpredictable in recent Canadian history. Pre-election jitters have already unsettled financial markets. The Canadian dollar fell sharply last week, forcing a jump in short-term interest rates.

The usual three-way battle among the Conservatives, the opposition Liberals and the left-of-centre New Democratic party is complicated this time by the presence of two popular regional groups.

The separatist Bloc Québécois has won support among French-speaking Quebecers, who played a crucial role in sweeping the Conservatives to victory in the past two elections. In the west, the Reform party has made inroads with a populist platform of less government, tighter immigration controls and a retreat from

official bilingualism.

The outcome is further clouded by the virtual collapse of the NDP, hobbled by unpopular New Democrat governments in Ontario and British Columbia.

Recent opinion polls show the Liberals slightly ahead of the Conservatives. Besides portraying Ms Campbell as a clone of her unpopular predecessor Mr Brian Mulroney, the Liberals stand to benefit most from the NDP's weakness.

Ms Campbell, who took over as prime minister two months ago, has delayed the election to put as much distance as possible between herself and Mr Mulroney. The Tories are putting their faith in polls which show her far ahead of Liberal leader Mr Jean Chrétien in personal popularity.

Ms Campbell has followed the example set by President Bill Clinton in his campaign by avoiding the mainstream media and instead making countless appearances among "ordinary Canadians".

The main parties have so far focused on economic issues, especially deficit reduction and job creation.

## Managing a business is like flying an airliner. It's just more difficult.



Like a pilot, you always have to think in three dimensions. You must be skilled in a range of specific functional areas. You have to understand how different departments of a company interact to be able to shoulder increasing responsibility. In addition, to be able to effectively manage in the years ahead, you need to appreciate the changing role of business in society.

If you are about to move up to a general management position or start a new enterprise, you will need to be competent in all these dimensions of management. Our unique *Program for Executive Development* is designed precisely with this in mind: in ten\* intensive weeks, you will cover a very wide range of specific subjects and issues. At the same time, a constant stream of exercises based on real-life situations will help you assemble a comprehensive tool kit for general management and give you the confidence to use it effectively.

If you are ready for your business career to take off, call or fax for a program brochure.

\*You can attend one ten-week session or two periods of five weeks with a six- or twelve-month break in between. Starting dates are January and August.



INTERNATIONAL INSTITUTE FOR MANAGEMENT DEVELOPMENT

Chemin de Bellevue 23, PO Box 915, 1001 LAUSANNE, Switzerland Telephone: +41 21/618 02 55 Fax: +41 21/618 07 07

G W E N T

The choice is yours. Gwent boasts an unsurpassed range of sites and premises to meet the needs of the most forward looking companies.

## Pick your own

(PREMISES, SIZE, LOCATION)

Gwent has a proven track record when it comes to productivity and our willing workforce is the pick of the bunch.

Communications are superb with road networks branching to all corners of the UK bringing your markets closer.

Gwent is the natural choice for expansion or relocation with the environment and support here to help your business take root and grow.

Reap the benefits that Gwent offers...



**GWENT**  
The Perfect World

Please send me your full-colour Gwent information pack.

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Type of Business: \_\_\_\_\_ Tel: \_\_\_\_\_

To: Andrew Fretter, Head of Economic Development, Department of Planning & Economic Development, Gwent County Council, County Hall, Cwmbran, Gwent NP23 2XP. Telephone (0633) 83,7780.

THE FIRST COUNTY IN SOUTH WALES

Poor harvest will mean shortfall

## Japan pressed to lift rice import ban

By Emiko Terazono in Tokyo

JAPAN may be forced to import rice for emergency supplies because of this year's poor rice harvest, the result of cold weather and a spate of typhoons.

The rice shortage coincides with mounting pressure on Japan to open its rice market within the Uruguay Round of multilateral trade negotiations. While the Ministry of Agriculture denies that there is a shortage, industry analysts point out emergency rice imports will be inevitable.

Japan relaxed its ban on rice imports on one occasion, for 150,000 tonnes of rice from South Korea in 1984, to make up for a shortage.

This time the government is facing increasing pressure from the US and other leading rice producers.

Mr David Graves, president of the US Rice Millers Association,

last month called for Japan to buy American rice for emergency imports, while the Australian government has also lobbied Tokyo.

The coalition government under Mr Morihiro Hosokawa, the prime minister, has backed the import ban. Many members of the coalition are supported by rural constituencies. Electoral reform, which Mr Hosokawa has pledged to introduce this year, is expected to correct the under-represented urban vote and dilute the powerful rice lobby, quickening the pace of liberalisation.

As of August 15, the Agriculture Ministry said the rice harvest index stood at 95 against the average harvest of 100.

However, Mr Yoshiro Takahashi of Rice Data Bank, a private research organisation on rice, says the final index could fall below 90, and the actual shortfall could rise to 700,000 tonnes.

The average annual demand is 10.6m tonnes.

The ministry intends to review its policy of reducing rice production, established in 1971 to prevent an oversupply. The ministry is now asking local governments to find out whether farmers who turned their rice paddies into vegetable and fruit fields wish to resume rice growing.

Japan and the US will meet in Washington on Thursday to discuss a framework for a new economic partnership. Renter adds.

The environment, technology, human resource development, population control and trade will be discussed, along with Japan's global trade surplus.

Japan's global trade surplus grew to \$11.82bn (£7.5bn) in July from \$9.23bn a year earlier. The surplus with the US climbed to \$4.68bn from \$3.81bn.

## Boeing opens technical research centre in Moscow

By Paul Betts, Aerospace Correspondent

BOEING, the world's largest commercial aircraft manufacturer, yesterday opened a technical research centre in Moscow, reflecting the growing trend of collaboration between Russian and western aerospace groups.

The Boeing centre follows a year of planning with leaders of the Russian commercial aerospace industry. It is equipped with computer facilities for use by Russian research engineers and scientists who will work under contract to Boeing.

Boeing said the centre's initial projects would include research into aerodynamics, special alloys and the impact of sub-zero weather on aircraft fuel systems.

If research projects proved fruitful, there would be benefits to current and future civil aircraft programmes including studies on a 600-900 seater super jumbo airliner and a new generation of supersonic aircraft.

Boeing is already studying development of a super jumbo with the four European partners in the Airbus programme, including British Aerospace, Aerospatiale de France, Deutsche Aerospace and Casa of Spain.

All the partners have already indicated they would be interested in extending their collaboration to other manufacturers, including Russian aerospace groups.

Boeing has been anxious to exploit the long-term potential of the commercial aircraft market in the Commonwealth of

Independent States and Russia's well-established research and scientific expertise.

For their part, Russian manufacturers have been keen to forge close links with western companies to secure new sources of hard currency funding and access to western markets.

Boeing, which has already supplied 737 twin engine airliners to CIS airlines, expects domestic traffic in the CIS to grow by around 3 per cent a year between now and 2010, while international traffic to and from the CIS is forecast to grow annually by 5 per cent.

Over the next 16 years, Boeing expects demand for 1,300 new aircraft for domestic use in the CIS and a further 250 aircraft for international use, worth a total of \$55bn (£36.4bn) at current dollar values.

## Hungary is model in mobile phone scramble for E Europe

Nicholas Denton on prospects for western companies in a region where the phones don't work

ANY western investors have gone cool on an eastern Europe mired in recession. But not the US and European telecommunications companies that campaigned for two concessions to operate digital mobile communications which Hungary awarded at the end of last month.

A group led by regional Bell operator US West and another of national telecoms companies from the Netherlands, Denmark, Sweden and Finland won the tenders over DBPH Consortium, a coalition of Deutsche Telekom, France Telecom and British Telecom.

Bids surpassed expectations: the two successful consortia offered nearly \$100m (£68m) between them for the rights to operate eastern Europe's first wireless services based on the pan-European GSM digital standard for the next generation of cellular phone networks.

On top of the concession fee, the winning contenders committed themselves to network development which could cost \$400m over 10 years.

International interest in Hungary's GSM tender has been feverish, partly because Hungary is widely regarded as the "model" for the rest of eastern Europe.

US West has been particularly active, recently winning tenders to develop digital mobile networks in 10 Russian cities. The company also has stakes in existing analogue mobile concessions in east-central Europe. It partners Hungarian Telecommunications Company in the Westel joint venture in Hungary and has teamed up with US counterpart Bell Atlantic and local operators in the Czech Republic and

three years ago, customers queued up outside its offices. Penetration has been much more rapid than in the west. Westel has 33,000 subscribers and expects to have 40,000 by the time the company's investment of \$85m brings nationwide coverage at the end of the year.

Hungarian subscribers, moreover, spend nearly three times as much time on their mobile phones than the average user in western Europe, despite stiffer charges. No wonder rivals describe Hungary as "the jewel in the crown" of US West's east European operations.

Hungary's new breed of entrepreneurs, temperamentally status-conscious, are particularly avid mobile phone users. "Maybe it is to do with the Hungarian nature: they are the traders of central Europe," says Mr Richard Spandler, head of international mobile services for Telecom Denmark.

But Hungary's neighbours are no cellular slouches. US West's Czech and Slovak ventures have about 10,000 subscribers, for instance, and they are also heavy users. Poland's Centertel expects 20,000 customers by the end of this year.

Common to the region is the inadequacy of the standard telephone network. Waiting lists attest to suppressed demand for telephones in the region, which programmes for investment in landlines will take years to satisfy.

Survey evidence from Hungary is that half of subscribers to existing analogue mobile services have no access to a standard telephone line. They are the only communications option for many businesspeople. Short of getting into a car, that is.

Source: FT Mobile Communications Newsletter

\*Per 1,000 of population. \*\*As at March 1; figures for analogue networks.

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

Source: FT Mobile Communications Newsletter

## Shortlist for Greek railway project

By Kerin Hope in Athens

THE Greek government has shortlisted five international consortia to bid for a Dr80bn (£22.5bn) project to build a single-line underground railway for Thessaloniki in northern Greece.

The Public Works Ministry said the contract for the 9.3km underground would be awarded at the end of this year, with construction due to start early in 1994.

The ministry indicated that bidders who could guarantee completion of the turnkey project by 1997, the year when Thessaloniki becomes cultural capital of Europe, would hold an advantage in the selection process.

Thessaloniki has already launched a Dr30bn public works programme to improve the city's infrastructure and cultural facilities.

The twin-track line, crossing the city centre, will be constructed at a depth of 15 metres, well below an extensive archaeological layer containing remains of the city's Roman and Byzantine past. However, a considerable amount of archaeological excavation, which could cause delays, will still be needed.

The Greek state is to cover half the project's cost and will also subsidise fares. The remainder of the financing is to be provided by the contractor, which will be entitled to operate the system for 25 years. According to preliminary studies, 30m-50m passengers a year would use the underground.

The five contenders are: Interinfra, a French consortium involved in a project to extend the Athens underground system; Alexandrian Metro, led by Siemens of Germany, which is also participating in the Athens project; Mechaniki, led by a northern Greek construction company; Louygue, a French, Canadian and Greek consortium including Bouygues of France and Bombardier of Canada; and Iris-Rommeto, a Greek-Romanian group.

## China faces sanctions over rhino horns trade

SANCTIONS against China and Taiwan for illegal trading in rhino horns will today be considered by the 120-nation UN Convention on International Trade in Endangered Species (Cites), David Gardner writes from Brussels.

The standing committee of Cites, meeting in Brussels, is examining allegations that these countries have failed to stamp out the trade, banned since 1976.

The sanctions could take the form of a ban on virtually all wild animal products from and into China and Taiwan, not just products from rare animals, according to the Environmental Investigation Agency.

The last Cites standing committee meeting in Washington last March decided to defer any decision until after further consultations with China and Taiwan.

The EIA and the World Society for the

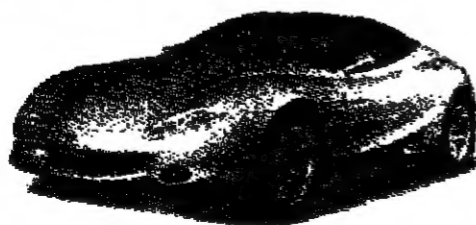
Protection of Animals say that in July - a month after both governments claimed to have ended the trade - their teams found a one-tonne stockpile of rhino horn in China, equivalent to the number of rhinos now surviving in Zimbabwe. In Taiwan, 19 out of 24 pharmacies admitted to stocking rhino horn - used for reducing fever - while two-thirds of Hong Kong chemists had rhino horn for sale.

## From CHIPS To SHIPS



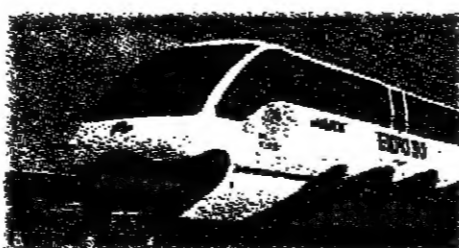
Hyundai continues its commitment to advanced technologies and innovations. In 1992, we introduced the next generation 64M DRAM chips, firmly establishing ourselves as a new force in electronics.

Hyundai's Excel, Sonata and Elantra have gained fame in the world's auto markets since 1986, setting the stage for the introduction of the HCD-2 sports



car in 1993. This truly unique coupe-style sports car embodies Hyundai Motor's vision in performance and aesthetics.

Hyundai is also focusing its R&D endeavors on environmentally sound technologies. As a result, we've developed the magnetic levitation train free of noise and air pollution, a revolution in mass transit systems of the future.



Hyundai's expertise in turn-key base engineering and construction projects worldwide has earned us more than US\$24 billion in overseas contracts. Some of our projects have been completed even in the most difficult environmental conditions, from Siberia to the South Pole.

Hyundai, as a leader in the world's shipbuilding industry, has delivered over 530 vessels including some of the world's largest supertankers. The recently launched Moss-type LNG carrier is a result of our leading-edge technologies and innovative designs.



From chips to ships... Hyundai. Making life better through quality and innovation.

**HYUNDAI**  
Building a better future for everyone.

## NEWS: UK

# British Gas erupts in fury at regulator

By David Lascelles, Resources Editor

BRITISH GAS, the privatised utility, called yesterday for curbs on Ofgas, the official regulatory organisation, which it accused of deliberately stoking up acrimony between the two organisations.

The argument emerged from the Monopolies and Mergers Commission report on British Gas which was published in full yesterday, following the release of its main recommendations last month. These called for the break-up of British Gas by 1997, followed by the abolition of the monopoly in the tariff market for small customers.

The report summarises British Gas's submission to the Monopolies body, in which it complains in strong and often bitter terms about its treatment at the hands of Ofgas and Sir James McKinnon, the regulator's director-general. The wide-ranging attack went much further than earlier clashes in the long-running battle between company and regulator.

British Gas added that Ofgas started from the position that any proposal from British Gas would be unsatisfactory and

that it exploited the news media by issuing press releases that were inaccurate and emotional.

It also said Ofgas was reluctant to acknowledge any good performance by British Gas, and distorted the results of face-to-face meetings in subsequent correspondence, placing the worst possible interpretation on any position taken by British Gas.

British Gas included an attack on Sir James who, it said, "frequently threatened the unnecessary use" of his powers in order to achieve his objectives. Altogether, Ofgas' behaviour made the relationship far worse than it need have been, British Gas said, and this affected the attitudes of investors and lenders to the company.

British Gas said the role of Ofgas should be limited to regulating monopoly activities, and that wider questions of competition in the gas business should be removed from its brief. The company went on to propose a set of measures for regulators similar to the Cadbury Committee proposals on corporate governance. It said Ofgas should be made to publish, with reasons, the basis for any proposed enforcement

decision. It said there should be an adequate appeals process, consisting of a three-person panel possibly at the Monopolies Commission, to deal with disputes between the regulator and utility.

British Gas added that regulatory power should be vested in a Gas Commission rather than the director-general of Ofgas, who had "excessive discretion". The company also said regulators should have a code of practice for dealing with the Stock Exchange and the press so that companies being regulated have an opportunity to be consulted before announcements about them are made.

Sir James declined to comment last night.

The 1000-page report also reveals that the Department of Trade and Industry, which must decide the future of British Gas, is wary of proceeding too fast with radical changes to the gas market.

Officials in the oil and gas division of the Department of Trade and Industry said that breaking up British Gas and abolishing the monopoly in the tariff market for small customers were "complex" exercises for which there were no precedents in other countries.



Elm Energy's MD Anne Evans with chairman Peter Fisher

# Worn-out tyres to fuel Midlands power station

By Tim Burt

EUROPE'S FIRST power station fuelled by waste tyres will start preliminary operations in Britain this week. When complete it will be able to generate electricity by burning more than 8m tyres a year.

The West Midlands plant, employing 60 people, expects to burn 23 per cent of Britain's waste tyres in its first year of operation.

The project is the latest waste-to-energy scheme under a contract with the Non-Fossil Purchasing Agency, which encourages alternatives to coal-fired power.

The contract allows Elm Energy - a US joint venture between utility group Nipco and the tyre company Performance Services Corporation - to supply power to 25,000 homes in the Midlands region of England.

If pre-production tests this week are successful, the company intends to build another plant at East Kilbride in Scotland and to seek a suitable site in south-east England.

Elm says the power station at Wolverhampton will be the

cleanest in the UK, pointing to 248m of equipment and plant installed to ensure that emissions are well below maximum levels set by the World Health Organisation.

Mrs Anne Evans, managing director, said that - unlike fossil fuels - waste tyres contain only low levels of carbon and none of the dioxins which lead to greenhouse gases.

"This new technology is not an environmental problem," she said. "Our emissions are between one hundred thousandth and one billionth of the allowable limits."

Potentially harmful by-products of burning tyres are to be recycled. The tyre industry will buy back zinc oxide, steel particles will be sold for scrap and calcium sulphate will be used for building materials.

Once purified, steam from the plant's generators will be transformed into electricity by a 35 megavoltamp turbo-generator. Midlands Electricity will supply the power to domestic users.

Tyre distributors including subsidiaries of Michelin, Pirelli and Goodyear have signed contracts with Elm Energy.

# Oilfield spending 'to drop slowly'

By James Buxton, Scottish Correspondent

SPENDING by the offshore oil industry in the UK sector of the North Sea is expected to decline only modestly over the next four years even though the UK continental shelf is now a mature area for oil and gas production.

Between this year and 1997 annual spending on existing and new fields should fall by less than £1bn from this year's level of £8.5bn, according to Scottish Enterprise, the development body.

Scottish Enterprise yesterday published its biennial forecast for UK and world-wide petroleum activity.

The latest forecasts contrast with those Scottish Enterprise made in 1991, which suggested a rather steeper decline in spending on exploration, development and operations from a record in 1991. In that year spending in the UK continental shelf totalled £9.3m.

The continued high level of development spending, measured in 1993 prices, follows the record levels of exploration and appraisal reached in 1990 when 214 wells were drilled.

But only 137 exploration and appraisal wells were started in 1992 and Scottish Enterprise does not expect more than 105 to be drilled each year up to 1997.

That is due partly to the removal in the 1993 UK Budget of petroleum revenue tax relief for exploration and appraisal work, the study suggests.

Between 1993 and 1997 some 41 new oil or gas fields are expected to come on stream in the northern North Sea, and 28 in the southern sector. But many new fields will use lower cost subsea technology rather than new platforms, while gas will make up an increasing proportion of the new fields coming into production.

Oil output is expected to reach almost 2.5m barrels of oil a day in 1995 compared with 2m barrels a day this year. After 1995 output will fall back slightly.

Worldwide expenditure on offshore and onshore activity is expected to remain roughly stable at between £112.7bn and £114.1bn a year over the next five years. Of this, offshore activity will account for about £65bn a year.

Some 20 per cent of future commercial fields in the North Sea have been delayed by more than a year because of an abundance of new supplies and weak oil prices, according to Arthur Andersen Petroleum Services. David Lascelles writes.

Other reasons include uncertainty caused by the current review of UK energy resources and over-optimistic forecasts. The report says production from the fields makes up only a small part of total UK production, but will help extend UK output later in the decade.

Forecasts of Upstream Petroleum Activity, Scottish Enterprise, 10 Queens Road, Aberdeen AB1 6YT. Free.

# The challenge: TO KEEP 190,000 AIRCRAFT OUT OF EACH OTHER'S AIRSPACE.

## Raytheon has been a leader in air traffic control for as long as there's been air traffic to control.

In the 1950's when U.S. commercial aviation called for more effective air traffic control, Raytheon supplied the radars and the displays.

Today, Raytheon continues to meet the challenge of helping to make crowded skies, safer skies all over the world. We have recently modernized the air traffic control systems of Canada, Germany and Trinidad/Tobago. And now we're providing the government of Norway with new radars and their first totally integrated radar and flight data processing systems.

In the U.S. we are a key contributor to the Federal Aviation Administration's new Advanced Automation System, developing and producing automated, large-screen consoles



that will give air traffic controllers instant access to a broad range of critical data.

The world's skies won't get any emptier. So we're constantly planning ahead, challenging ourselves to create new systems advanced enough for the crowded skies of tomorrow.

## Send us more challenges.

The same "can-do" spirit that makes Raytheon a leader in air traffic control is also the driving force behind our proven performance in defense, energy and environmental services, electronics, aviation and appliances.

We thrive on challenges. Send us more.

**Raytheon**  
WE THRIVE ON CHALLENGES

# 'Sapped' Bristol seeks aid from EC

A BID for much of the Bristol area of western England to receive European Community regional aid to counter industrial decline was submitted to the Department of Trade and Industry yesterday, Roland Adburgham writes.

The designated area stretches from Filton in north Bristol, the home of a British Aerospace plant, to Harcliffe, a deprived part of south Bristol. It has seen the loss of over 6,500 industrial jobs because of the recession and cuts in the defence and aerospace industries. There is a local unemployment rate of 19 per cent.

Mr Graham Robertson, leader of Bristol city council, said: "The area's economic strength has been sapped to a degree that ought to make it a prime candidate for EC help." Mr John Savage, chief executive of Bristol Chamber of Commerce and Initiative, said: "The Bristol region is going through a massive restructuring of its economy. That's a very painful process."

The city council, together with other councils and Western Development Partnership, Avon's newly-formed economic lobby group, are jointly making the case for Objective 2 status, which gives access to EC funds for areas of industrial decline.

The existing Objective 2 map is being redrawn and the department will forward its proposals for areas to be included to Brussels by the end of the month. Projects aided will have to have matching public or private finance.

# Agents are accused over holiday advice

By Michael Skapinker, Leisure Industries Correspondent

LARGE CHAINS of travel agents are recommending their parent companies' holidays to customers, and more than a third are offering no alternative, the latest issue of the Consumers' Association magazine Holiday Which? says today.

Magazine staff visited 80 travel outlets, expressing interest in a September holiday in Crete and an autumn weekend break in Paris. Most of the travel agents which form part of large groups initially suggested holidays sold by their parent companies, although some suggested alternatives.

The Office of Fair Trading is investigating the links between large tour operators and retail travel outlets. Independent

tour operators say they are having increasing difficulty persuading retail chains to carry their brochures.

The magazine said three quarters of the Lunn Poly outlets visited suggested Thomson holidays. Lunn Poly is owned by the Thomson group. Half the shops followed their first suggestion with recommendations of holidays from other operators.

Two thirds of Thomas Cook branches offered either the chain's own holidays or those of Owners Abroad, the company with which it is linked.

At Hogg Robinson branches, half the initial suggestions were for holidays from Air-tours, the parent company. At Pickfords Travel, also owned by Air-tours, three quarters offered trips to Paris from the parent company.

**#1 THE FIRST INDEPENDENT RUSSIAN STATES LICENSED AIR CHARTER CO.**

CHARTER • SALES • MANAGEMENT

**ALG AEROLEASING**

Geneva 41-22/793 45 10  
Zürich 41-01/814 37 00

USA 1 201 993 93 93  
ASIA 65 481 95 22  
CIS 7 044 216 44 78

Oilfield  
spending  
'to drop  
slowly'

When you arrive in London  
expect heavy showers. Not to mention fluffy  
towels and a powerful hairdryer.



It's 7 o'clock in the morning. You've just arrived back and it's time to turn your mind to the day's work ahead. Unfortunately your body's got other ideas.

After a night of travel what it really wants is a day of rest. Preferably with lots of hot water, fresh clothes and cups of coffee thrown in.

We can't provide the day of rest, but at least we can help with the other items. The new Arrivals Lounge at T4 really is a sight for red-eyes.

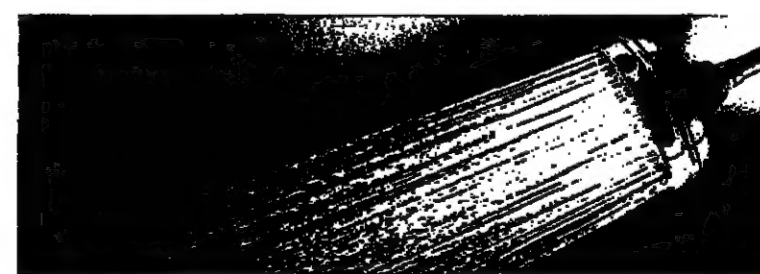
There you'll find piping hot showers with towels provided. And

shampoo and shaving kits available on request. (Rubber ducks, regrettably, are not currently provided.) There's even a valet pressing service to smooth out the wrinkles in your clothes, while you attend to ones on your face. Any wrinkles in your work meanwhile, can be quickly ironed out by using the phones or fax machine.

And if you want to grab every precious last second of sleep on the plane, you can catch up on breakfast in the lounge. As it's open all morning, you can refuel anytime

you want. There's fresh fruit for taste buds still needing a wake up call. And decaf, if by now you're in danger of becoming too wide awake.

Now there's no reason at all



NEW ARRIVALS LOUNGE WITH HOT SHOWERS.



BREAKFAST BAR SERVING CONTINENTAL BREAKFAST.

why you can't put in a full and productive day at the office. Sorry.

CLUB WORLD  
**BRITISH AIRWAYS**  
The world's favourite airline

## NEWS: UK

# Timex puts up £3m tribunal cover

By Robert Taylor,  
Labour Correspondent

**DISMISSED** Timex workers in Britain have secured a £3m legally-binding guarantee from the US-based company to cover any awards they secure from industrial tribunals for their alleged unfair dismissal.

The company, which shut its Dundee circuit board production plant last week after a dispute with employees lasting eight months, said yesterday it would "vigorously defend" itself before the tribunals.

Mr Gavin Laird, the AEEU engineering union's general secretary, said: "We are going for the maximum level of award under the law whatever that is. This is going to cost Timex. We are extremely confident of winning. The lesson for other companies from this is you must deal sensibly with the AEEU. Rubbish our members and you will pay the

price." Mr Laird said Timex had not wanted to provide a financial guarantee of its good intentions before the industrial tribunal, but the union would not have accepted that.

Last week the union sought an injunction in the Scottish court against the company to compel Timex to provide £3m as a guarantee that it would honour any tribunal awards for the 317 workers involved. The court agreed with the union.

Two weeks ago the AEEU compelled Timex to provide £40,000 in guarantees for four of the sacked Timex workers. The union decided after that victory to seek guarantees for all the workers affected.

An exultant Mr Laird said that the union had won on all seven occasions that Timex had taken the AEEU to court during the strike that followed the company's mass sacking of all its employees and their



Ex-Timex workers putting a forceful case to Gavin Laird of the engineering union yesterday

replacement by a substitute workforce. "The British government's repressive labour legislation was responsible for

the closure of the Timex plant," said Mr Laird. Local strike leaders said their boycott campaign of

Timex would continue. Pickets yesterday were outside the company's watch production plant in Besançon, France.

## Ford accused over job cuts

By John Griffiths

**FORD** UK was accused yesterday of seeking to "blackmail" up to 1,200 production and 200 staff employees into applying for voluntary redundancy over the next four months.

The accusation came after Ford announced it was seeking the job cuts, which would bring to 2,500 total employment losses within its UK operations this year.

The company said that all redundancies would be voluntary, and that "no further action will be taken if the targets are not reached".

But, in a move clearly designed to encourage early departures, it warned that future voluntary redundancy

programmes were likely to offer reduced payments.

Mr Jimmy Airle, principal negotiator with Ford for the AEEU engineering union, alleged that Ford was seeking to blackmail employees into accepting current terms. He said Ford's unions would fight "rigorously" against any attempt to reduce payments.

The company has been hit hard by the steep decline in car and van sales in mainland Europe and by a drop in its share of total sales of new cars in the UK, where it is market leader. Ford insisted yesterday that the cuts were part of productivity improvements and not directly related to market conditions.

The biggest intended job losses, of up to 450 hourly-paid

and 50 staff, are to be at Dagenham in east London, where Ford makes engines, Fiesta cars and vans, and kits for export.

The Halewood plants on Merseyside, which make transmissions as well as Escorts, are planned to lose up to 370 jobs. A further 205 jobs are planned to go at the Transit van plant at Southampton, which has been adversely affected by the downturn in mainland Europe. Jobs will also be lost in Wales.

Its parent, Ford of Europe, will be in loss this year for the third successive year and its chairman, Mr Jacques Nasser, has warned that further losses in 1994 would begin to hit future core investment and product development programmes.

## Rolls-Royce in £60m aero-engines drive

By Paul Betts,  
Aerospace Correspondent

**ROLLS-ROYCE**, the aero-engine and power systems group, yesterday launched two six-year programmes to develop advanced technologies for future aero-engines at a total cost of £60m.

The two programmes, jointly funded by the Ministry of Defence and Rolls-Royce, will be carried out at the company's military engine facility at Bristol.

The first programme will research and demonstrate ways of applying advanced technologies to combustors and high-pressure turbines for

use in a wide range of future engines.

The second programme will focus on the demonstration of advanced compression systems, low pressure turbines, reheat systems and nozzles.

Compared with current combat engine technology, the aims of the new programmes include a 50 per cent reduction in engine mass, a 30 per cent cut in fuel burn and 30 per cent lower manufacturing costs.

Rolls-Royce said the programmes would help new versions of the Eurojet EJ200, the power plant being developed for the Eurofighter 2000 being developed by the UK and other countries.

## Britain in brief



### Fears about old beef dismissed

**UK MINISTERS** yesterday dismissed fears about the quality and safety of six-year-old beef that has been sold from frozen storage onto the market, saying it was "perfectly fit for human consumption."

The opposition Labour party and the Consumers' Association have protested about the fact that the beef, dating from 1986 and held in UK intervention stores as part of the EC beef mountain, was released to shops without being date-stamped.

A European Commission official in Brussels said yesterday that beef from intervention stores was meant to be sold on a "first in, first out" policy. If that had been done, the contentious batch of 25 tonnes of six-year-old beef "should have been sold three years ago."

The official said inspectors from the UK Ministry of Agriculture had found the beef to be in a perfect state.

Ministry officials said fears of contamination by bovine spongiform encephalopathy - "mad cow disease" - were unfounded because intervention stocks never contained the animal tissue which has to be removed from beef under 1988 safety regulations.

Mr Nicholas Soames, food minister, said cold-store beef would continue to be sold and there was no need for it to be labelled by age, although butchers should warn consumers not to re-freeze it.

Britain has 144,000 tonnes of beef in 95 stores out of total EC stocks of about 860,000 tonnes.

### Housing goes on recovering

**THE SLOW** recovery in the housing market is continuing. Department of the Environment figures released yesterday indicate. They showed that work started on 47,400 new dwellings in the three months from May to July.

The department said builders started work on 9 per cent more homes than in the corresponding months last year.

### Strength in borrowing

**CENTRAL STATISTICAL OFFICE** credit figures show that consumers borrowed a net £394m in July compared with £213m in June. The strength of consumer borrowing supports evidence of rising consumer confidence even though the figures do not include mortgages and account for only about 15 per cent of consumer debt.

### Court move on Observer

**THE OBSERVER** newspaper and the government are being taken to court over the failure to consult workers about the Sunday newspaper's recent takeover by The Guardian.

The GPMU print union, which represents about 35 Observer staff, believes the takeover could become a test case for the European Community Acquired Rights Directive, which requires worker representatives to be consulted in some mergers. When the directive was translated into UK law in the early 1980s, it was stated that only workers in

recognised unions needed to be consulted.

That means that in the UK workers who are not in unions or, as at the Observer, are in unions but are not recognised by the company, are not consulted. The GPMU claims that the government's failure to introduce the broader consultation procedure into UK law is unlawful.

### £20m extra for Independent

**NEWSPAPER** Publishing, publisher of The Independent, plans to raise up to £20m in a financial restructuring later this year. The amount is at the upper edge of expectations because of the competitive threat from News Corporation's cut-price Times.

### Boom for uniforms

**THE END** of the cold war and cuts in the armed forces have been bad news for most defence companies, but some have found ways of cashing in on the changes.

Toye, Kenning & Spencer, a long-established manufacturer of uniforms and insignia, is busy making items for the merged regiments of the slimmed-down British army.

It is seeking to exploit markets in eastern Europe, until recently a no-go area for British military supplies. It has already sold a uniform package deal to Mozambique, which has changed its military ranking system from the Soviet to the British style.

## Delays alarm defence groups

By David White  
Defence Correspondent

**DELAYS** in the placing of Ministry of Defence equipment contracts are causing increasing discomfort among arms manufacturers.

Disappointment about the lack of significant new British purchase announcements was apparent at yesterday's opening of the Royal Navy and British Army Equipment Exhibition in Aldershot, to the south-west of London. The exhibition is organised as a shop window for UK weaponry.

Companies are worried that overdue contracts may now have to await the government's autumn review of public expenditure, which could bring further pressure on the British defence budget.

Several deals which had been expected before or during

the Aldershot exhibition have been held up. They include a deal with Vickers worth up to £500m, either for a second large batch of Challenger 2 tanks or for updating current Challenger 1 tanks; purchase of between nine and 15 British Aerospace Sea Harrier jets to replace aircraft lost in accidents; follow-on orders for Rapier and Sea Wolf missiles, also from BAe; and five-year contracts for supplies of ammunition, principally from BAe's Royal Ordnance subsidiary.

In addition, the Vespene Thornycroft shipyard is waiting for the government to invite tenders for up to seven more Sandown class minehunters, of which it has built five. The invitation was originally promised by the end of July.

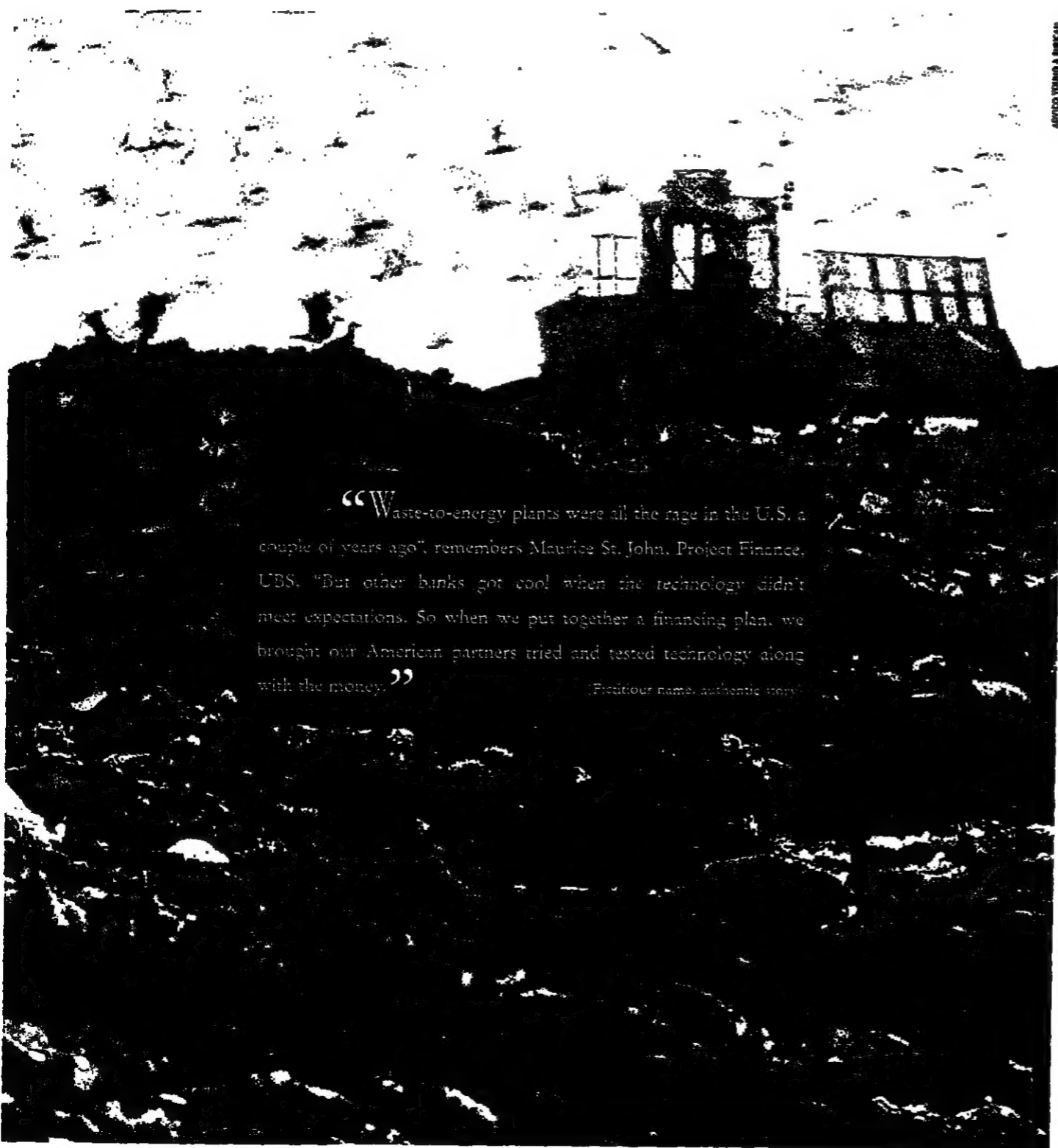
But Mr Jonathan Aitken, defence procurement minister,

said at the exhibition yesterday: "This is not an occasion for announcing orders."

Mr Mike Evans, a director of the Defence Manufacturers' Association, said delays posed the greatest problems for small companies which depended on sub-contracts.

One deal which did materialise yesterday was a contract for Ferranti International to supply the command control system for the Royal Navy's £170m new helicopter carrier. The contract, won against strong competition, was awarded by VSEL, which is due to build the carrier with the Scottish commercial shipyard Vickers Greenock.

The deal, for an undisclosed sum, is a breakthrough for Ferranti, which in the late 1980s was ousted from a near-monopoly in command systems for the navy.



"Waste-to-energy plants were all the rage in the U.S. a couple of years ago", remembers Maurice St. John, Project Finance, UBS. "But other banks got cool when the technology didn't meet expectations. So when we put together a financing plan, we brought our American partners tried and tested technology along with the money."

Produce your name, authentic story!

Not banking as usual.



NEW YORK, LONDON, PARIS, FRANKFURT, ZURICH, GENOVA, SINGAPORE, HONG KONG, TOKYO, LUXEMBOURG, MADRID, MONT CARLO, MILAN, MOSCOW



TO SAVE ALL THESE TREES WE HELP CHOP DOWN THIS ONE

Tropical hardwood trees are more valuable to loggers than other trees in the rainforest. High prices for hardwoods ensure that loggers have no qualms about decimating other trees that stand in their way. So a WWF project in Costa Rica is researching ways of filling a tree without halting the natural process of a tree growing through the surrounding forest. If the rainforest is not wisely, they can be used forever. Help WWF protect the rainforest around the world, by joining in the Membership Officer at the address below.



World Wide Fund For Nature  
Helping World Wildlife Fund  
Incorporated in Switzerland, 1986, Zurich, Switzerland.

## HIGH INTEREST AND INSTANT ACCESS

The Lombard Classic 90 account is designed specially to provide all the benefits you could want for your savings.

### HIGHER RATES OF INTEREST

FOUR LEVELS OF HIGH INTEREST - The more you put in the higher the rate of interest your money will earn. As your balance increases so will your interest.

ACCOUNT BALANCE	GROSS RATE to 30th	C.A.R.*
£5,000-£9,999	6.125	6.27
£10,000-£24,999	6.250	6.40
£25,000-£49,999	6.50	6.66
£50,000+	6.625	6.79

\*The Lombard Classic 90 rate is the rate applied to your account on the 30th of each month. Interest rates are subject to change without notice. As your balance increases so will your interest.

### SPECIAL INSTANT ACCESS

Our special instant access facility allows you to make one withdrawal each year of up to 10% of your balance without giving notice and without incurring a penalty. You are not limited to the one penalty free withdrawal - you can make other withdrawals without penalty simply by giving 90 days notice. This special instant access benefit will only be available after your account has been opened for 6 months.

### CONFIDENTIALITY

You have Lombard's assurance that your Classic 90 account will be operated in complete confidence.

Fill in and send the coupon for details of our Classic 90 account or call us on 071 409 5434 or fax 071 629 3739 quoting reference 1446.

Registered in England No. 3370041

Registered Office: Lombard House, 5 Princes Way, Redhill, Surrey RH1 1NP, England

Lombard

### DEPOSIT ACCOUNTS

Mr. Chris Robinson  
Lombard House, 5 Princes Way, Redhill, Surrey RH1 1NP, England

Please use this coupon to send for a copy of our Classic 90 brochure (PROM. 90/1) in CAPITAL

NAME (Mr, Mrs, Miss)

ADDRESS

A member of the Lombard Group of companies which are regulated and supervised by the Financial Services Authority (FSA)

AY SEPTEMBER 1991

**£20m extra for Independent**

**Boom for uniforms**

**ce groups**

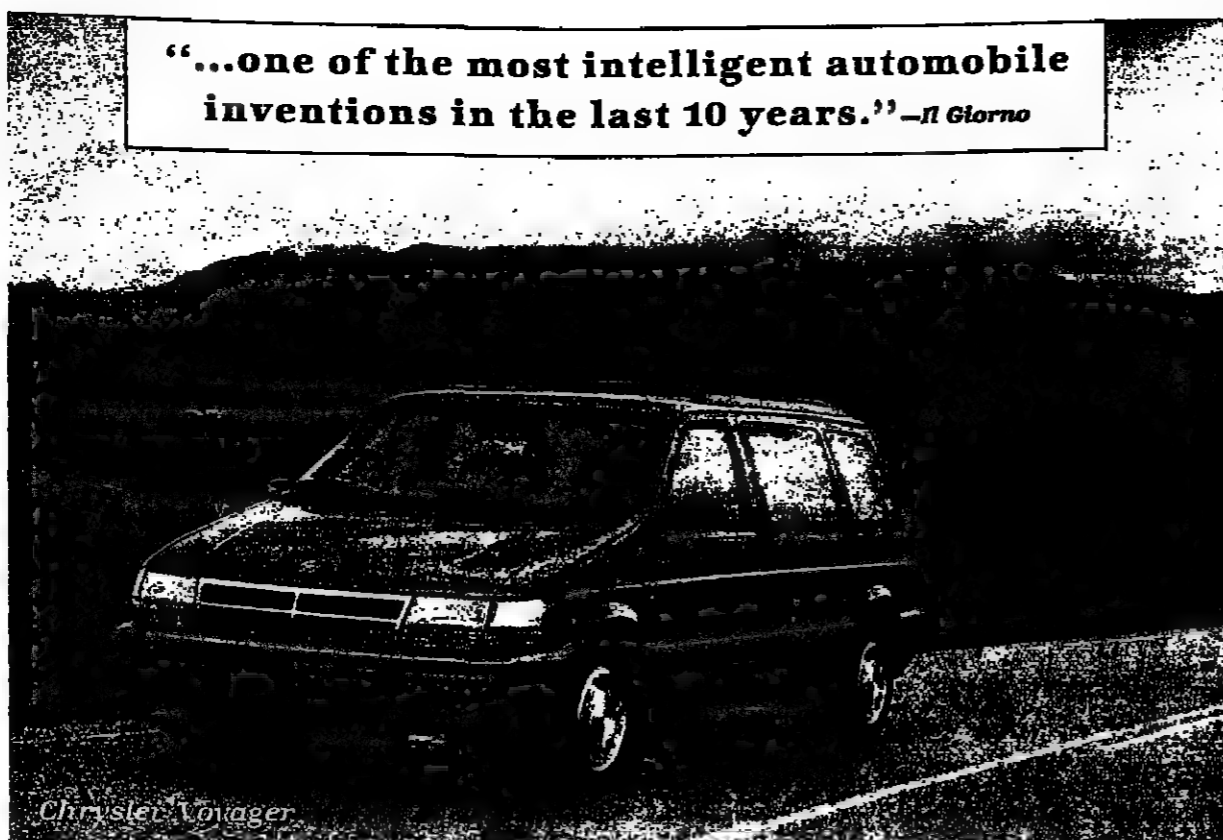
**INTEREST AND ACCESS**

**OF INTEREST**

**ANT ACCESS**

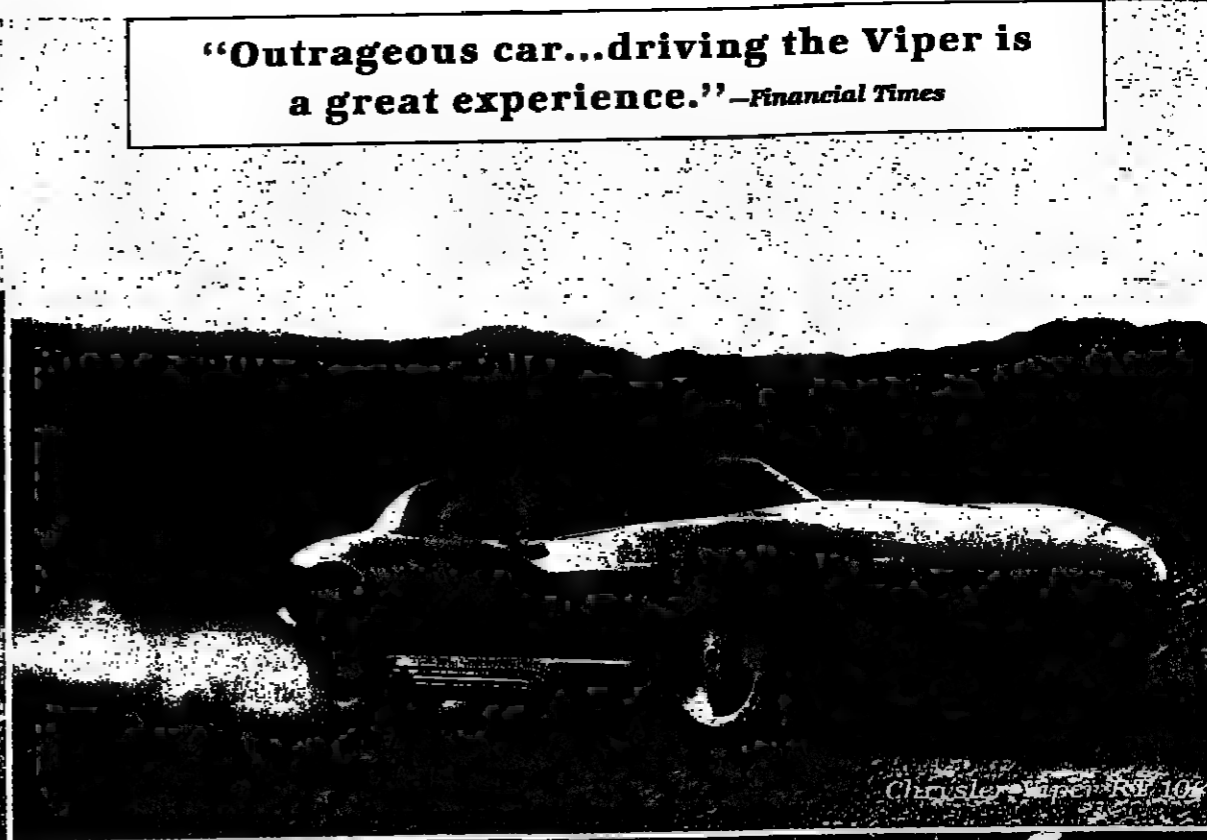
**NTIALITY**

**bard**



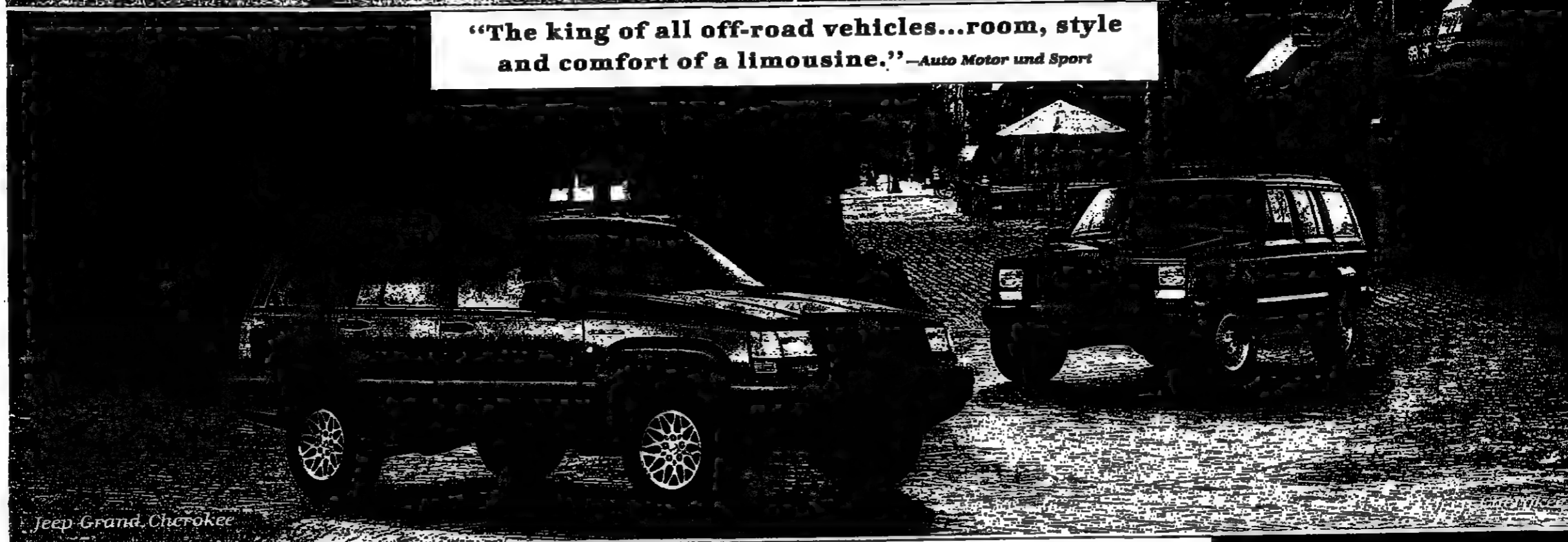
Chrysler Voyager

"...one of the most intelligent automobile inventions in the last 10 years."—*Il Giorno*



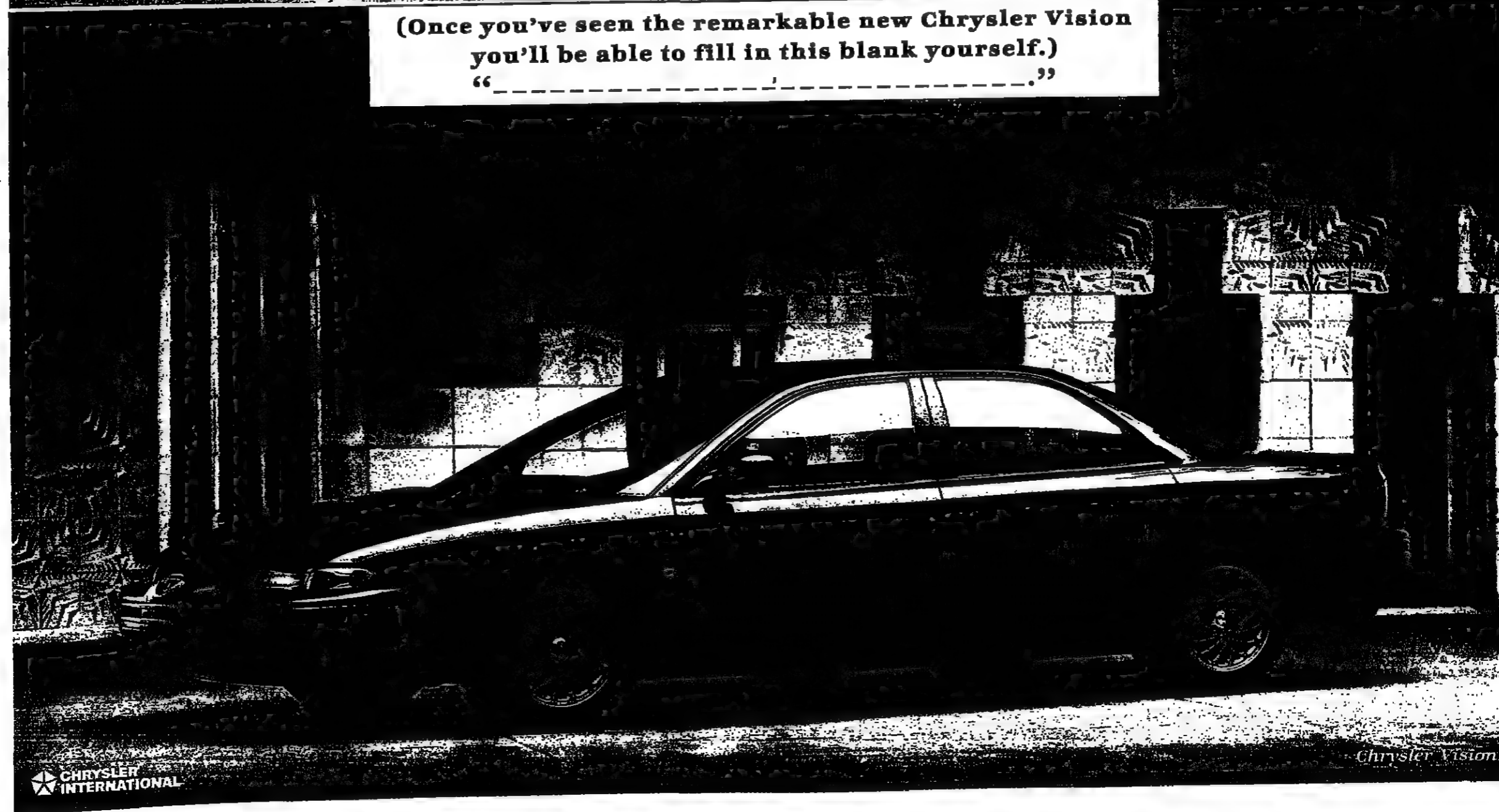
Chrysler Viper

"Outrageous car...driving the Viper is a great experience."—*Financial Times*



Jeep Grand Cherokee

"The king of all off-road vehicles...room, style and comfort of a limousine."—*Auto Motor und Sport*



Chrysler Vision

(Once you've seen the remarkable new Chrysler Vision you'll be able to fill in this blank yourself.)  
"\_\_\_\_\_."

If you'd like some professional examples to guide you, they do exist. *Le Figaro* says that the Vision is "a 'tour de force' from Chrysler's designers." *Auto Bild* simply calls it "one of the best cars in the world."

Their enthusiasm is understandable. With its new cab forward design, the Vision combines the nimbleness of a sports sedan, the roominess of a touring car and the safety of driver and front passenger air bags. We

think that the Vision is the perfect addition to Chrysler's family of distinctive vehicles. And clearly, we're not the only ones who think so.

**CHRYSLER**  
Built to set you free.

What did 140,000 UK policemen do recently when they spotted a potential pensions loophole in an opinion from the Advocate General of the European Court of Justice?

The answer is they turned to the UK industrial tribunals - each and every one of them filed a separate sex discrimination claim. Firemen, air traffic controllers and some bank workers piled in, too, with the result that the already over-stretched tribunals acquired the equivalent of more than two years' work almost overnight.

The policemen are watching the Court of Justice in the ECJ is expected soon. The cases follow an earlier judgment on sex equality in occupational pensions and the court is being asked to decide whether employers may pay higher lump sum pensions to women because they live longer than men. The Advocate General has suggested that men with complaints in train when the judgment is delivered could qualify for extra benefits - hence, on Police Federation advice, the flurry of complaints to tribunals.

These recent mass claims, springing from machinations in Luxembourg, provide an extreme example of how far industrial tribunals have departed from their original function.

When the first tribunals were set up 30 years ago in the UK, they had a simple job: to hear employers' complaints about the training levy then in operation.

Since then, a stream of changes to the law has widened the jurisdiction of tribunals, making them virtually local labour courts dealing with most employment matters. This domestic jurisdiction has been overlaid recently by rulings from Brussels and Luxembourg.

As the scope of industrial tribunals has widened, criticism of them has mounted. Allegations by users - employers as well as employees - of delays in cases being heard and excessive legalism are prompting demands for an overhaul of the system.

Mr David Cockburn, a partner with Patinson & Brewer, a law firm which often acts for trade unions, has experience of how complex proceedings may now be.

He represented a group of sacked Tilbury dockers in the longest-ever tribunal case. After 206 days of hearings between 1988 and 1992, 447 pages of written decision, and a further 13 days in the Employment Appeal Tribunal, the case is awaiting a Court of Appeal decision. Costs so far total about £3m.

The dockers' case presents a very different picture from the 'simple palm-tree justice' tribunals were expected to dispense, says Mr Cockburn. "Tribunals were even staffed

## Jury is out over a mass of minutiae

Diane Summers on calls to reform the over-complicated and over-stretched industrial tribunal system

In the beginning by old colonial judges. The intention was they would be speedy, informal and cheap, determining reasonableness in accordance with common sense criteria, rather than the interpretation of legislation or precedent.

But, according to critics, those early aims, set out in 1968, are not being met. Mr Peter Martin, head of legal affairs at the Engineering Employers' Federation says that most employers consider tribunals to be a "good thing but they're disappointed in the way they're operating now".

The Confederation of British Industry echoes this view.

With the relative decline of trade union power and the break-up of national bargaining between employers and unions, the entire industrial relations setting has changed so much that there should be a rethink, says Mr Cockburn. "Tribunals grew up at a time when the law largely kept out of industrial relations and grievances were dealt with around the bargaining table. Now many employees look to the law as the way of solving employment-related problems," he says.

The most common complaint against tribunals is that there are excessive delays in cases being heard. In England and Wales, half of cases have to wait over six months before being dealt with; Scotland appears to be more efficient, with only 30 per cent of cases having to wait that long.

Critics claim backlogs reached ridiculous proportions after tribunals ran out of money in mid-1990. The use of part-time chairmen for hearings was suspended to make savings, resulting in a temporary 40 per cent fall in the number of hearings.

Since then, tribunals in England and Wales have had a new president, Judge Timothy Lawrence, who says the problem of delays is being tackled by increased funding and the recruitment of more chairmen. But he points to difficulties caused by an "enormous and unprecedented increase in work" for the tribunals in recent years.

In 1990-91, there were about 43,000 applications registered with tribunals in the UK; the next year this leapt to almost 67,500; for 1992-93



the figure stands at just under 72,000. It remains to be seen what the policymakers' claims will do for this year's total.

Judge Lawrence blames the recession for much of the increase in tribunal cases. Two-thirds of applications recently have concerned allegations of unfair dismissal.

He also believes people have become more aware of their rights and that an increasing number of white-collar workers on higher salaries have been bringing complaints - and their legal representatives - to tribunals.

Delays are not a problem only for applicants, according to the CBI and EEF. Mr Michael O'Connor, head of employment law at the CBI, says managers dislike having cases hanging over them.

Apart from long delays, the next most frequent criticism of tribunals is that they have become legalistic to an absurd degree - the Tilbury dockers' case is an extreme example. The original concept was that applicants should be able to conduct their own cases.

Judge Lawrence accepts that "inevitably and sadly" legalism has increased and attributes this mainly to "outside influences" such as the higher courts, parliament and the EC.

The Equal Opportunities Commission describes current equal pay laws, which are among the most difficult for tribunals to interpret, as "grotesquely complex". Mr Alan Lakin, senior legal adviser, has described the laws as "paradise for lawyers but hell for women".

It is small wonder, says Mr Cockburn, that when applicants are faced with such complexities they feel the need for legal representation. While most applicants still survive without lawyers, "there is no doubt the difficult cases are getting more difficult", adds Mr Cockburn.

Long delays and increasing legalism can also be attributed to the almost haphazard growth in tribunals' jurisdiction. The latest piece of labour legislation, the Trade Union Reform and Employment Rights Act, increases the tribunals' workload still further. It extends employment protection measures and makes tribunals responsible for sorting out some grievances against trade unions.

Says Mr Martin: "Tribunals have grown up piecemeal. I don't think anybody has stood back and looked at the whole system until recently, when things have started to get bogged down. The whole thing has grown up in a very English, pragmatic way."

The Engineering Employers' Fed-

eration is now calling for the government to review the entire workings of tribunals. There would be no shortage of suggestions to such a review from lawyers, pressure groups and academics. Mr Martin, for example, would like to see binding settlements more easily reached, without the need to go to a tribunal in the first place. He would also advocate a move to replace the "forest of case law" with updated codes of practice on issues such as dismissal on the grounds of ill-health.

A move away from the adversarial approach, with a greater use of written statements, is also frequently mentioned by would-be reformers as a way of getting more quickly to the heart of disputes.

The latest suggestion for reform has come from Roy Lewis and Jon Clark, respectively professors of law and industrial relations at the University of Southampton. In a pamphlet published by the Institute of Employment Rights, which is being launched this week at the TUC congress in Brighton, they argue that arbitration could provide a voluntary alternative to the tribunal route.

In the first detailed exposition of how such a scheme might work, they say that "alternative dispute resolution" has become a fashionable topic in areas as diverse as matrimonial and commercial disputes. In employment matters, they argue, the opposite seems to be happening.

The two, who are themselves on the panel of arbitrators for the Advisory, Conciliation and Arbitration Service, see arbitration as potentially a fairer, cheaper and more accessible method of parties settling their differences. The increased use of arbitration would also help to alleviate the current overloading in the tribunals, they argue.

The most radical suggestion of all would be to abolish tribunals completely, on the grounds that they have outlived their usefulness, have become terminally bogged-down in legalism and overlap confusingly with other courts.

Numerous though critics of tribunals are, the suggestion of complete abolition is usually met with horror. The consensus is that virtually every flaw in the tribunals is magnified in other jurisdictions.

As one Acas official put it, adapting Winston Churchill's verdict on democracy: "It's the worst system apart from all the others." The way forward is clearly reform.

"Employment Rights, Industrial Tribunals and Arbitration: the case for alternative dispute resolution" by Roy Lewis and Jon Clark. Institute of Employment Rights, 112 Greyhound Lane, London SW16 5RN £20 (£5 to affiliates)

### Top 10 UK law firms ranked by profits per partner 1992-93

Firm	Profits per partner	Gross fees, £m
1 Allen & Overy	£377,000	117
2 Slaughter and May	£333,000	112
3 Linklaters & Paines	£322,000	164
4 Freshfields	£302,000	126
5 Ashurst Morris Crisp	£284,000	47
6 Macfarlanes	£268,000	26
7 Lovell White Durrant	£260,000	115
8 Clifford Chance	£258,000	210
9 Herbert Smith	£249,000	76
10 Davies Partridge Cooper	£237,000	26

The table gives a figure for the average net profit per partner within a firm. Average profits per partner are not the same as the average fee per partner. Source: Legal Chambers, September 1993

Robert Rice on a survey of last year's profits at the top 100 firms

## Allen & Overy 'most profitable in UK'

The UK's top 100 law firms billed £2.7bn in fees in the 1992-93 financial year and achieved average profits per partner of £176,000, according to an annual survey of law firm earnings by Legal Business magazine, published tomorrow.

Allen & Overy, the City solicitors, emerged as the most profitable UK firm, with profits per partner of £377,000 on a turnover of £117m. It jumped ahead of Slaughter and May and Linklaters & Paines, which finished first and second in 1991-92 with profits per partner of £377,000 and £349,000 respectively.

In 1992-93 Slaughter achieved profits per partner of £333,000 on a slightly reduced turnover (down from £118m to £112m), and Linklaters had profits per partner of £322,000 on an increased turnover of £164m (up from £144m).

Overall, the 100 law firms covered by the survey earned combined profits of £690m. Although these are impressive figures for a period of recession, the magazine says there are clear signs from the generally lower levels of gross fees that the business of law is no longer a growth industry, but one where firms are fighting for shares of a decreasing pie.

Ma Karen Dillon, editor of Legal Business, says that 1992-93 was a tough year for law firms, and this year she expects to see mergers, asset-stripping, and partners moving in record numbers.

One notable feature of the last

year is that "the typical law firm partner is starting to earn the same kind of money as (rather than more than) his/her clients. That's good news for clients," she says.

Another feature of 1992-93 was the rise of regional law firms. Dibb Lupton Broomhead, the Leeds-based solicitors, is ranked 17th in the UK by turnover, with gross fees of £36.7m and profits per partner of £200,000.

Five regional law firms, Dibb Lupton, Eversheds Phillips & Buck (Cardiff), Pinsent & Co (Birmingham), Simpson Curtis (Leeds) and Hammond Suddards (Leeds) had profits per partner in excess of £150,000, and 19 had profits per partner of more than £100,000.

A league table of gross fees also confirms the widening gap between the top six firms and the rest. Clifford Chance is ranked top with a turnover of £210m followed by Linklaters with £154m, Freshfields £124m, Allen & Overy £117m, Lovell White Durrant £115m and Slaughter £112m. But there is then a large gap to seventh-placed Herbert Smith, which has a turnover of £77.8m.

The magazine comments that last year's financial results indicate that medium-sized firms suffered the most. It is among these firms that the mass defections of lawyers, asset-stripping and mergers will take place, it says.

If they do not, they will be facing what Alan Hodgart of Hodgart Temporal, the management consultancy, calls the "gentle decline" into oblivion, it concludes.

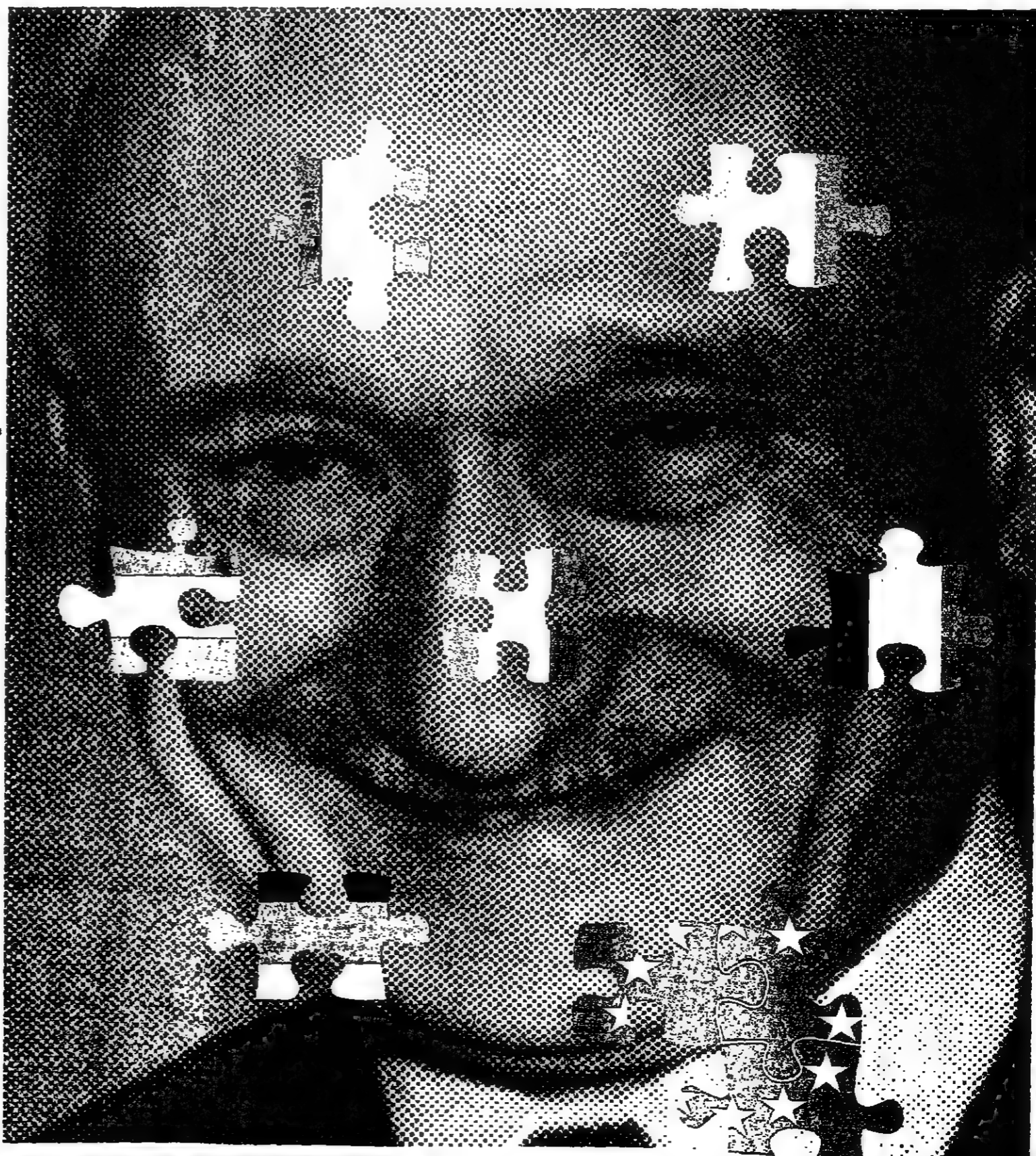
## SIEMENS NIXDORF

Dear Robert Schuman,  
our principle of systems integration rests upon your principle of European integration.....



The European idea  
Synergy at work

The principle is mutually complementing, supporting, and strengthening one another. In short, "Synergy at work", which we at Siemens Nixdorf put into practice for our customers in complex information networks, integrating everything in the service chain, from organization counselling to systems engineering, from integration testing to implementation. We are masters at combining components that are notoriously difficult to integrate: systems of different sizes and from different manufacturers - from mainframes to self-service terminals; from the tried and tested to new technologies. And, in cooperation with the best partners in the international market, we accomplish things that would be impossible to achieve in isolation. Which conforms perfectly to Schuman's thinking.



## MANAGEMENT: THE GROWING BUSINESS

## Taxing time for Germany

The value added tax regime introduced at the launch of the single European market on January 1 is causing problems for German business. This is the conclusion of a survey by the German industry association, the Bundesverband der Deutschen Industrie.

The survey found that the tax regime has placed a considerable burden in terms of cost and bureaucracy on German business. Its findings back up complaints made by British companies and business organisations.

The new tax regime has imposed additional costs on business equivalent to 0.3 per cent of the value of intra-EC trade, the survey calculates. This has resulted from the need to update computer programmes, train staff in the complexities of the tax system, collate trade data and employ additional administrative staff.

The single market VAT system has transferred responsibility for reporting VAT liability and the collection of trade data from customs posts to businesses. The EC still hopes to introduce a simplified system, taxing all intra-EC shipments in the country of origin, in January 1997.

In the meantime, the transitional system has led to a marked complication of trade activities, the German industry association says. Companies must maintain three separate systems for dealing with VAT, for domestic sales, for intra-EC sales, and for sales to customers outside the EC.

Businesses handling large volumes of deliveries frequently have difficulty identifying invoices from suppliers within the EC on which no VAT has been paid. Discrepancies between the data required for tax and for trade statistics purposes impose an additional burden.

German businesses have also had problems confirming customers' VAT registration numbers from the tax authorities. This puts them at a disadvantage compared with their French counterparts, which can call up numbers on the Minitel database.

\*Erfahrungen Deutscher Unternehmen mit dem Umsatzsteuerlichen Übergangssystem. BDI Fax +221 37 08 7382.

David Irwin and his team helped 186 people start up in business last year. They helped an even larger number decide they were perhaps not suited to going it alone.

Irwin's offices are in an area of Newcastle upon Tyne reminiscent of the region's industrial past. But Project North East, the enterprise agency he heads, is aiming for an even brighter future for the region and has already made a considerable contribution.

Project North East runs counselling and training sessions for would-be entrepreneurs as well as helping the owners of established businesses improve their management skills. It helps growing businesses raise finance and runs schemes to boost their exports.

The organisation is just one of more than 300 enterprise agencies throughout the UK.

The agencies, which started in St Helens, Merseyside, in 1978 - though London also claims a founding role - became important contributors to the rebirth of Britain's enterprise culture in the 1980s.

They were set up as a private-sector initiative working alongside public-sector organisations, to revitalise local business communities. Last year more than 6,000 companies contributed about £17m in cash and kind, often by seconding staff, to the agencies' finances.

Their initial focus was on helping people who wanted to start up their own business, though many have since diversified into a broader range of business support.

Present high levels of unemployment have, however, emphasised their relevance to particular services such as job creation. "Creating jobs and growth is right back on the agenda," says Brian Wright, chief executive of the London Enterprise Agency.

The agencies have remained a remarkably stable element in the small business support network, in spite of many changes in this area. They have not been untouched by the new developments, the most challenging so far being the creation of a nationwide network of one-stop business advice shops, now renamed "business links".

The one-stop shops are a government initiative to bring together local providers of business support - chambers of commerce, local authority economic development units, Training and Enterprise Councils (TECs) and the agencies - to provide more effective services.

The creation of the business link network is just one of a number of challenges to the agencies' existing form. Other developments are:

- A decision by Business in the Community (BIC), which co-ordinates community programmes for its corporate members, to give up its role of umbrella organisation for

Enterprise agencies are grappling with developments in the business support sector. Charles Batchelor reports

## Challenging the agency culture

the agencies.

- The growing role of the Training and Enterprise Councils in channeling government funds into enterprise development.
- A revitalised chamber of commerce movement which is attempting to bring the level of service it provides up to the level of its publicly financed continental counterparts.

BIC's decision to end its special relationship with the enterprise agencies came at a time when they were grappling with the effects of some of the other changes in the small business support sector. BIC had acted as a lobbyist for the agencies and encouraged them to increase their professionalism.

Its departure from this role has been followed by several months of rivalry as agencies in the east Midlands attempted to forge a national organisation called the Association of Local Enterprise Agencies. But the association failed to win sufficient backing and a national network is now being formed under the National Federation of Enterprise Agencies banner.

John Guest, a senior executive for Cadbury Schweppes, has been seconded to the federation as chief executive. He says the strength of the organisation is that it will be "owned" by the agencies in a way that BIC never was.

The federation will provide a national voice for the agencies and give encouragement in areas such as quality management.

Guest envisages the federation's remit going beyond that of simply acting as a trade association for the agencies. He says it should also set out to influence those government policies directed at helping small firms.

With the national organisation now in place the agencies should be well placed to address the more fundamental challenges to their role. These centre on their relationships with the TECs, the one-stop shops and the pattern of corporate funding.

Some in the business support field fear that the creation of a one-stop shop network threatens their individual identity and therefore



Bridging the enterprise gap: David Irwin, head of Project North East in Newcastle

attractiveness to corporate sponsors. Wright says that in many parts of Britain the perception of the agencies as a partnership between the private and public sectors has already been eroded.

Public-sector finance channelled through the TECs has come to play a growing role in the agencies' financing. At the same time large companies face increasing demands on their resources to fund community projects.

Guest recognises the potential problem of "sponsor fatigue" but believes it can be overcome through improved marketing by the agencies to their private-sector backers. The TECs, Guest says, account

for 50 per cent of the agencies' budgets, most of it in the form of payments for training and counselling contracts.

Corporate sponsors account for just 20 per cent, but they still provide half of the agencies' "core funding" to most overheads and administrative costs.

Irwin reckons Project North East received about 13 per cent of its 1993 revenues of £1.2m from corporate backers, 36 per cent from the UK public sector, 12 per cent from European funds and 49 per cent from fees and other earned income.

"You must handle your sponsors correctly but provided they still get recognition for what they do there

should be no reason for them to stop funding you," he says. Irwin says, however, that it is important for the government to continue to pump money into the small-business sector through programmes such as the Enterprise Initiative, which subsidises consultancy help.

Project North East and the other agencies charge their established company clients for services where possible but are still committed to providing a free service to the start-up business.

Many involved in enterprise agencies see the maintenance of their individual identity as central to their ability to continue to raise private-sector finance. In theory they have a strong hand. The agencies have unrivalled experience in helping start-ups and advising small established businesses.

The chambers of commerce role, in contrast, has always veered more towards providing information and assistance in fields such as exports. And while many TECs have expanded into providing training and advice they are, in comparison to agencies, only recent arrivals.

"Our unique contribution is our experience operating a business advice service for six years," comments Bryce Staniland, finance director at DonBAC, the Doncaster enterprise agency, shortly to join the local one-stop shop.

Despite the agencies' tradition of providing hands-on help to small firms the picture is inevitably becoming blurred as some become absorbed in the local TEC or merge with chambers. There is already evidence of the belief that agency numbers will decrease over the next few years, leaving only those which have a broad financial and operating base.

Irwin estimates that 50 agencies at most will be strong enough to survive. Guest says the agencies' federation represents 100 of the 250 agencies in England and the regional associations are signing up new members all the time. He hopes that the regional associations will form networks so that the larger agencies support the smaller ones.

But he acknowledges the agency movement will not be served by maintaining weak agencies which cannot offer a good level of service.

David Grayson, managing director of BIC's business strategy group, contends that the one-stop shops are the natural successors of the agency movement of the 1980s. The agencies face considerable change but should not feel threatened, he says.

Agency directors and the small business community will be hoping that he is right. At the same time many in the community must be concerned that one of the most successful sectors of small business support faces such an upheaval.



## UK loan scheme basks in popularity

Changes to the UK government's loan guarantee scheme have led to a sharp increase in the number of loans granted and a strong demand for loans at the highest permitted level of £250,000.

There was a near three-fold increase in the value of loans granted to £21.7m in July and August compared with the same period of 1992 while the number of loans rose by 18 per cent to 430. Nine of the loans were for the maximum amount of £250,000 (the new top rate for established businesses) while a further 87 were for loans of between £100,000 (the previous maximum) and £250,000.

Apart from increasing the amount which can be lent under the scheme from July 1, the guarantee cover for established businesses was raised from 70 to 85 per cent. The guarantee premiums were also cut.

## Paying up when the time is right

New proposals for reducing the problem of late payments have been made in the form of a draft Interest on Payments Bill by the Forum of Private Business.

The forum suggests that suppliers should have a statutory right to collect overdue payments for up to six years from the date of invoice. This statutory right would be conferred if the principal amount but no interest had been paid or, when a customer could not pay the interest alone could be collected until he could.

The proposed legislation has been framed to allow the creditor to choose the best time to collect the interest while minimising the risk of losing business. Interest could be demanded when the supplier ceased to trade with the customer, when it became less important to retain the customer or when the supplier retired or went into liquidation.

Forum, Ruskin Chambers, Drury Lane, Knutsford, Cheshire WA16 6EA. Tel. 0565 534467.

## BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

## FUNDING GROWTH IN THE LEISURE MARKET

With prices for leisure properties and hotels at the bottom of their curve, opportunities for experienced leisure operators increase. If you are considering expanding your company or pursuing a "buy-in" or "buy-out", the Lazard Leisure Fund is designed for you. We have funds available, in amounts from £750K upwards, to support expansion in established UK leisure companies with:

- a sound operating base
  - management that gets things done
  - realistic plans for growth
- We specialise only in the leisure market. Our involvement can be as "hands-on" or "hands-off" as you require.

Contact Jim Keane on 071 588 2721

The Fund is managed by Lazard Venture Funds (Management) Limited, which is regulated in the conduct of its business by DMO.

## LAZARD LEISURE FUND

Lazard Leisure Fund, 21 Moorfields, London, EC2P 2HT.

## FOR A CONTINENTAL HOLDING COMPANY

- we are looking to acquire either a:
- commercial enterprise or similar firms
  - service company, preferably in distribution (no EDP company)
  - manufacturing organisation (no capital goods)

In the developed industrial countries of Europe. For example, we could imagine that companies with successor problems might be interested in this ad.

We assure discretion.

Please mail all offers or queries to:

CFC Management Services Corp.

Birsfelderstrasse 3 - CH-4132 Muttenz/Basel

## WILY OLD FOX

Would some extra cunning help your business? I'm 50 Oxford linguist, Unilever-trained, marketer plus many senior boardroom years in Scotch, Inc Brussels CEO. Now consultant non-execs with up to 6 days p.m. still free for projects in need of marketing cunning.

Write Box B1455 Financial Times One Southwark Bridge London SE1 9HL

## SOUTH AFRICAN

Executive in Engineering with proven track record seeks new challenge. Will assist you in business venture in S.A. Will be visiting UK 14-28 September.

Phone: Mrs Almond 0706 40876

## AN INTERNATIONAL PROFESSIONAL ASSOCIATION SEEKS AN EXTERNAL SOLUTION FOR ITS ADMINISTRATION

- Collection of membership dues
- Accounting
- Maintenance of membership records and addresses
- Planning and organisation of its records and addresses
- Planning and organisation of its conventions and meetings
- Membership bulletins
- General administration and correspondence

Proposals, please to Box 197-CD13 Publications Postfach 591, CH 8021 Zurich

## NO-WIRES LIGHT TRAMWAY SYSTEM

The Parry minitrain is a minibus-sized electric tramcar requiring no wires and running on ordinary ultra light rail. Patented production version (following series of prototypes) just rolled out. Demonstration system approved by HM Inspectorate of Railways. Highest environmental qualities. Discussions in progress with numerous local authorities for use in town centres, park & ride etc. Additional markets in leisure parks etc and overseas. Developers seek £200,000 additional equity capital to extend marketing campaign and complete production arrangements. BES approved. Further information from:

Parry People Movers Ltd, Overend Road, Cradley Heath, West Midlands B64 7DD. Phone 0384 59171 Fax 0384 637753

## DO YOU WISH TO IMPROVE YOUR COMPANY'S CASHFLOW?

We are an independent, service orientated company who will show you a flexible alternative to inflexible bank facilities. MBOs AND ACQUISITIONS A SPECIALITY. TURNOVER £500K P.A. AND ABOVE ONLY. Write or telephone in the first instance.

Scott Bradley or Brian Sumner  
Caneway Invoice Discounting Company Limited  
12 St Ann's Square, Manchester M2 7ES  
Telephone: 061-832 4442 Fax: 061-832 4050  
or, Grant Smale  
Caneway Invoice Discounting Company Limited  
7 Hanover Square, London W1R 9HE  
Telephone: 071-495 2525 Fax: 071-491 2050

## INVESTMENT OPPORTUNITY

Specialist manufacturing, service and supply company with quality client list in the packaging industry - first six months trading £400,000 - projecting £1M first year - seeks equity partner to provide development funding. Excellent short and long term prospects. Investors with previous packaging/printing industry experience preferred.

Write Box No B1467 Financial Times. One Southwark Bridge London SE1 9HL

## ALL EUROPEAN TENDERS

Get access to all European public procurement invitations to tender through our fax retrieval system. All types of goods and services, more than 30,000 tenders per year and a market worth £40 billion. Call from the number of your fax for more information +44 6 4633333 Eurofax, Stockholm, Sweden

## Looking for following machinery for

operation in India. Draw Tapering with speed 600 MPW or above Draw Winding, Draw Twisting. Details to Vishal Textiles Tel: 010 81 281 821616 FAX 010 81 281 821 653 Principals in London 19th September to decide.

## BUSINESS TRAVEL AGENCY

Corporate investor, with own travel account £500K + P.A. sought as equity shareholder in business travel agency. Write to Box B1472, Financial Times, One Southwark Bridge, London SE1 9HL

## Small efficient cotton woven

dyesthouse wishes to merge with compatible business to improve profits. Write Box B1472, Financial Times, One Southwark Bridge, London SE1 9HL

## OUR COMPANY, THE INTERNATIONAL SUBSIDIARY OF A MAJOR INVESTMENT TRUST, MAJOR PLAYER IN EXCHANGE WITH ASIAN COUNTRIES (CHINA, INDONESIA, KOREA...)

SEEKS FINANCIAL INSTITUTIONS AND BANKS WITH A VIEW TO DEVELOPING ITS ASSETS FINANCING & LEASING DEPARTMENT MERGERS OR ACQUISITIONS WILL COME.

Write to Box B1453, Financial Times, One Southwark Bridge, London SE1 9HL

## GO FOR GOLD IN ATLANTA

We're a UK company specialising in local area network's equipment, with a depot in Atlanta. If you are a manufacturer in a related field and you'd like shared distribution in the USA, contact:

Box No B1458 Financial Times, One Southwark Bridge, London SE1 9HL

## CASTINGS

We can offer very competitively priced Non-ferrous Castings from our own Foundry in INDOIA

Tel & Fax: 081-549 1227

## GROWING PAINS

Former PLC CB with management skills and cash for equity seeks to help interesting companies in Yorkshire/Midlands. Write Box B1449, Financial Times, One Southwark Bridge, London SE1 9HL

## CHEMICAL PRODUCT WHOLESALE

- situated in the east of France - seeks merger opportunity or possibly buyer for the business. Annual turnover of 50 million French Francs yielding substantial profits. Contact: Box B1039, Financial Times, One Southwark Bridge, London SE1 9HL

## SWEDISH COMPANY SEEKS WELL ESTABLISHED BUSINESS ASSOCIATE FOR FUTURE MARKETING OF DISMANTLED FACTORIES, HEAVY DUTY EQUIPMENT, ETC. IN DIFFERENT PARTS OF THE WORLD. EXCELLENT CONTACTS NEEDED. RUSHES NOW. FAX +46 130 300 32

## IT NEEDN'T COST AN ARM TO OWN A LEG

Own a racemare in partnership and enjoy the excitement of one of the most thrilling sports in the world. With patronage at second level, yearly prizes of £10,000 and £5,000 and VAT now reclaimable, there's never been a better time to take the plunge. For further information, without commitment, contact leading Newmarket trainer BEN HAMBLING Telephone: 0208 880010 (ext 303) 0208 880010 (ext 303)

## CHANNEL ISLANDS

Offshore Company Formation and Administration. Also Liberia, Panama & BVIs etc. Total offshore facilities and services. For details and requirements write: Croy Trust Ltd, Belmont House, 2-6 Belmont Rd, St Helier, Jersey, J.L. Tel: 034 787878, Fax: 034 354041, Telex 4192277 COMOR C

## FOR SALE

Three Business Centres M4/M5 corridor. Going concerns. Please write to Box B1466, Financial Times, One Southwark Bridge, London SE1 9HL

## INVESTMENT EXCHANGE BANKERS OFFER

3% Profit p.a. Prime Bank Guarantee. Send your minimum Capital Evidence over US\$ 10 m. to FAX: 0049-711-29 590 28

## GREEK ORGANISATION

seeks partnership with qualified firms to compile GREEK LAND REGISTER. Previous experience essential. Apply: P.O. Box 3678, Athens, Greece.

## MAJOR NEW CONSULTING GROUP

wishes to contact very experienced executives with exp. recovery expertise to join core management. CV/Details to M.C. Downey, Mill Lane, Weston Turville, Bucks HP22 8PD

"Does your business need capital?" Active private investors & companies have cash to invest. Tel 0491 579999

50 TRUCK, TRACTOR UNITS, unreg and unused. 6x4, 400 BHP LHD. Ideal developing country. Fraction of new cost. Fax (int) 31.10.455855

## COMMERCIAL FINANCE/VENTURE CAPITAL

flexible rates, variable fees. Anglo American ventures Fax: 0924 201377

## BUTLER SERVICE GROUP - U.K. LTD. Providing qualified people one by one by one

## BUSINESS TO BUSINESS SERVICES COMPANY WANTED

Butler Service Group wishes to buy for cash a business:

- preferably a niche player
- market sectors of particular interest include providing contract staff, project management, and design services
- continuing management team is essential
- revenue up to 3 million, and not less than 500,000 or demonstrable ability to achieve this level quickly

Vendors or their advisors should contact Bryan Lloyd or Peter Williams on 0737 622000 or send details to: Butler Service Group (UK) Ltd, Kings Mill, Kings Mill Lane, South Nutfield, Surrey, RH1 5NE Fax No: 0737 823031

## CAPITAL AVAILABLE FOR GOLF INVESTMENT

Our client has substantial equity funds for investment in up and running or nearly built golf courses. Joint venture deals would be considered. Driving range sites in urban locations would also be of interest.

Please write to: John Ashworth, Director, Pannell Kerr Forster Associates, New Garden House, 78 Hatton Garden, London EC1N 8JA

## We are in contact with a substantial number of major PLC's in mergers and acquisitions who are constantly looking to acquire sound companies.

We would be pleased to hear from controlling directors or principals of companies wishing to sell with minimum turnover £1/2 million and pre-tax profits £20K with no upper limit.

For further details please telephone Mark Dunn A.C.A. on 061-833 4290 or fax: 061-834 8729

East Anglian based engineering company seeks to purchase an additional business. The company will probably have its own metal based product line and be capable of relocation. Consideration will be given however to all situations including non-core and turnaround.

Write to Box B1450, Financial Times, One Southwark Bridge, London SE1 9HL

## COMPANY ACQUISITION

Up to £1,000,000

Our client is a highly successful manufacturing company in the compression moulding industry, seeking to acquire companies of a similar nature, possibly as part of a retirement plan for the controlling Directors/Shareholders interested in disposal of their shares.

Please write, with full particulars to Box B1457, Financial Times, One Southwark Bridge, London SE1 9HL

## -WANTED-

COMPUTER HARDWARE OR SOFTWARE DISTRIBUTION BUSINESS Principals only write to: Box B1466 Financial Times One Southwark Bridge London SE1 9HL

## PLANT &amp; MACHINERY

## Singletons

On the instructions of the directors of SOCOM Pulp Ltd. Consequently upon the re-structuring of production capacity. FOR SALE BY TENDER (as a whole or in lots to suit purchasers) (Subject to Conditions of Sale and unless sold otherwise by Private Treaty)

MODERN ANIMAL FEED MILLING PLANT

At Station Rd, Earls Colne, Essex. Mill commissioned in 1982 and undertakes to have a blending capacity of 10 tonnes per hour and a press capacity of 12 tonnes per hour.

See 25th SEPTEMBER 1993 Viewing strictly by appointment with the Agents

Further details from 061-876 0748

## BUSINESSES FOR SALE

## Midland Investment Casting Company Limited ("MIICC")

Betabite Hydraulics Limited ("Betabite")

Aeromech (Components) Limited ("Aeromech")

Precision (Auto) Parts Limited ("Precision")

(All in Administrative Receivership)

The joint administrative receivers offer for sale the business and assets of the following companies:

## MIICC

- Producers of "Lost Wax" investment castings in ferrous and non ferrous materials.
- Future order book in excess of £420,000.
- Historic turnover of approximately £1.75 million p.a.
- Approximately 50 employees.
- Freehold premises of approximately 38,000 sq ft at Firs Industrial Estate, Kidderminster, Worcestershire.

## BETABITE

- Leading manufacturers of extensive stocks of compression fittings in mild and stainless steel.
- Blue Chip customer base.
- Historic turnover of approximately £1.6 million p.a.
- Semi skilled workforce of approximately 30 employees.
- Freehold premises of approximately 18,000 sq ft at Manor Park, Runcorn, Cheshire.

## AEROMECH AND PRECISION

- Suppliers to the motor trade of valve guides, valve seat inserts and pre-combustion chambers for diesel engines.
- Blue chip customer base.
- Historic turnover of approximately £600,000 p.a.
- Skilled & semi skilled work force of approximately 15 employees.

For further information please contact:

D K Duggins or R Bailey,  
Arthur Andersen,  
1 Victoria Square,  
Birmingham B1 1BD.  
Tel: 021 233 2101 or 0562 824001. Fax: 021 643 7647 or 0562 820563.

ARTHUR ANDERSEN

ARTHUR ANDERSEN &amp; CO. SC

Arthur Andersen is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

The Republic of Poland  
Invitation to Negotiations

## The Minister of Privatisation

As a part of the Polish Government's privatisation program and on the basis of art. 23 of the July 13, 1990 Act on the Privatisation of State-Owned Enterprises (Dz. U. nr 51/90 poz. 298, and all subsequent amendments) (the "Privatisation Act"), an invitation is extended by the Minister of Privatisation, on behalf of the State Treasury of the Republic of Poland to interested parties with proven experience in the packaging manufacturing industry to register and thereafter pursue their interest in purchasing not less than 10% of the shares of:

## PAKPOL S.A.

In accordance with art. 24 of the Privatisation Act, employees will be given the opportunity to acquire up to 20% of the shares at preferential rates.

## Main criteria for investor selection:

- proposed price, terms and form of payment
- planned operations and a statement of how this program will be pursued
- expected investment expenditures (including investments in environmental protection) related to the investment program
- employment forecasts
- envisaged method of financing investment expenditures
- documentation of sources to finance the purchase and the execution of the proposed investment program.

Interested parties are requested to contact:

Tomasz Budzik  
Ministry of Privatisation  
Capital Privatisation Department  
Kraczy 36/Wspolna 36 Street  
00-525 Warsaw  
Room 472

tel/fax: (48-22) 625-23-58

A memorandum containing basic information about the Company is available at the Ministry of Privatisation. Interested parties will be sent a confidentiality letter for execution as a condition precedent to their receipt of the memorandum. Replies should be sent before 30th September 1993. The Ministry of Privatisation reserves the right to extend the invitation to negotiate and to suspend negotiations without stating any reasons.

## FOR SALE

Business & Assets of  
Diamond Computer Systems Ltd  
Marston Ltd

Both in administration  
RETAILERS OF COMPUTER  
HARDWARE/SOFTWARE

- Operated from 11 fitted Retail Outlets
- Predominantly based in South and South West with additional outlets in Manchester and Edinburgh
- Over £350,000 of Hardware and Software Stock
- Turnover approximately £15m.

WILSON PITTS

## Humberts

Mile End Road, London E1

## The Half Moon Theatre

- Prime location - Underground 200 yards
- 400 seat capacity (approx)
- More than 1/2 acre site
- Possible alternative use

Offers being sought in excess of £275,000 for the part freehold, part long leasehold

For sale

071-629 6700

Tunbridge Wells about 6 miles, London about 40 miles

## KENT

One of the largest and most prestigious commercial producers of fine English wines in the UK

Three times winner of the Greville Trophy for English Wine of the Year.

About 42 acres (17 ha) of established vineyards

Retail shop, restaurant, conference and function facilities. Modern winery.

About 75 acres. As a whole freehold as a going concern.

071 629 8171

Projected turnover of £1.25 million for 1993/94

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

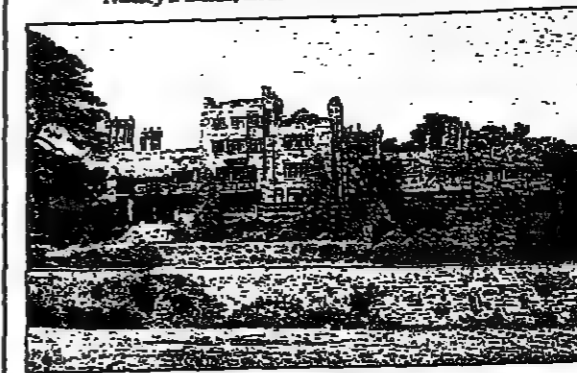
071 629 8171

071 629 8171

## On the instructions of BAT Industries Plc

## East Sussex

Nestley 2 miles, East Grinstead 5 miles, London 36 miles. (Distances approximate)



## An important management training centre

Main building with Theatre, 2 Conference Rooms, 8 Team Rooms, 14 Meeting Rooms/Offices, Dining Room, Library, 2 Lounges and 35 Bedrooms. Red House arranged as 7 Bedrooms. Stable Courtyard arranged as 10 flats. Stable Cottage, Lodge, Leisure Buildings, Car Parks, Formal Landscaped Gardens, Lakes and Timbered Ornaments. Principal's House. Secondary House. Suitable for a wide range of uses, subject to any necessary consents.

In all about 101 acres

For Sale as a Whole or in 3 Lots

071 629 8171

Knight Frank & Rutley

20 Hanover Square  
London W1R 0AH

Business for sale in Northern Cyprus  
Citrus Fruit Packing  
and Juice Processing

The proposed sale of Sunzest Trading Limited, part of the Polly Peck International Group, represents an opportunity to acquire an integrated business, located at modern purpose built sites in the fruit growing region of Northern Cyprus. Sunzest's principal business activities are the packing and export of citrus fruits and the manufacture and export of fruit juice concentrates.

## The business comprises the following major assets:

- 4 citrus fruit packing houses with a combined maximum ability to box 75 tonnes of fruit per hour;
- a citrus fruit processing line with a capacity to process 15 tonnes of fruit per hour;
- 3 further packing houses not currently operational;
- internationally known brand names.

For further information please contact Robin Burman on telephone: (+44) (+0) 71 213 1168. Fax: (+44) (+0) 71 213 1330.

Information will only be provided to persons falling within Article 3, Paragraph 3 of the Financial Services Act 1986 (Investment Advertisement Exemption), Order 1988 (SI 1988 No 318), as amended by SI 1992 No 274.

## Woodmill Hospital

Ernst & Young have been retained to sell "Woodmill Hospital" situated in Cullompton, near Exeter, Devon.

The premises were completed in February 1993 and consist of the following:

- An operating theatre
- An X-ray and radiology department
- A general treatment/physiotherapy unit
- Accommodation for 30 patients

The hospital is fully equipped with the latest technology and all the beds are also registered for use as a Nursing Home.

For further information contact David Peacock or Jonathan Johns of Ernst & Young, Broadwalk House, Southernhay West, Exeter, Devon EX1 1LF or telephone: 0392 433541.

ERNST &amp; YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

## COMPUTER SOFTWARE COMPANY

The Joint Administrative Receivers offer for sale the business and assets of a supplier of leading software products.

The principal features include:  
UNIQUE 4GL SOFTWARE APPLICATION GENERATOR.  
ADVANCED PC TERMINAL EMULATOR.  
MAINTENANCE CONTRACTS.

Products are fully developed, in use worldwide and stable, with demonstrable market appeal. For further information please contact the Joint Administrative Receivers, Michael U.V. Radford, Radford, Sons & Co., 12 Portland Street, Southampton SO1 0DB. Tel: 0703 330703. Fax: 0703 330099.

## FOR SALE

## HIGH CLASS GIFT SHOPS

Small chain of unique shops located in busy South Coast towns selling upmarket gifts, china, and stationery. Sale to include trading name, goodwill, fixtures & fittings.

PRICE: £150,000 + S.A.V.

Write to Box B1471, Financial Times, One Southwark Bridge, London SE1 9HL

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

071 629 8171

## STRUTT &amp; PARKER

On the instructions of A. J. Katz & J. A. Talbot  
Joint LPA Receivers  
Arthur Andersen

STAVERTON PARK GOLF COURSE  
AND HOTEL - DAVENTRY

Northampton 15 miles, Birmingham 30 miles

A commercial 18 hole Championship Course, 6634 yards  
Modern 52 bedroom Hotel/Conference Facilities  
Hotel ceased trading 1992 - Alternative Use Potential  
127.16 acres

London Office: 13 Bill Street, Berkeley Square, London W1X 8DL

Tel: 071 629 7282

Market Harborough Office: The Paddocks, 41 High Street,  
Market Harborough, Leics, LE16 7NL  
Tel: 0858 433123

Ref: LBF 50845

SEASIDE PIER  
FOR SALE

Unique opportunity to acquire a freehold pier in popular south coast resort. Successful business with substantial takings - mainly amusements. Sale due to retirement.

Write to Box B1446, Financial Times, One Southwark Bridge, London SE1 9HL

Non core, old established resistance spot welding gun manufacturing company for sale (or possibly merger considered). Worldwide auto industry customer base. Circa £1.8m turnover profitable but scope for overall improvement. Located 40 miles from London

Write to Box B1465 Financial Times, One Southwark Bridge, London SE1 9HL

Fixed based, general aviation company. Fully licensed, on leasehold property, with hangar, outbuildings and offices. Located on busy airfield west of London. Healthy company with excellent prospects. Owners retiring. Write to Box B1464, Financial Times, One Southwark Bridge, London SE1 9HL

North West based Translation Agency Long established and profitable with large customer base. Turnover in excess of £120,000. Linguistic skills not essential. Induction training offered £35,000 Contact Country Business Services 061 440 7727

## RETIRING OWNER

of internationally well known and long established pharmaceutical chemicals company, London offices, seeks buyer. Principals/serious enquiries to:

Box B1661, Financial Times, One Southwark Bridge, London SE1 9HL or fax 0923 836 128.

## HENRY BUTCHER

By order of ABS Credit Finance AB

SALE BY PRIVATE TREATY  
Large Modern  
ROTOGRAVURE  
Printing Facility

- PRE PRESS MDC DATATYPER copper depositing, chrome plating and surface finishing equipment
- HELL "Heliokischograph K302" engraving machines (2 off)
- PRESSES Two CEROTTI "1358" 8 Unit Rotogravure Presses, each 54000 rph, 2450mm web width and 7.7 double width folders, with electronic register and inking control, electrostatic assist and solvent recovery.
- POST PRESS DAVERIO Conveyors - MULLER MARTINI "T220" print roll winding lines (2 off) - "311" three side trimming lines (2 off) - "Biliner 308" insertion lines with DOMINO "Solo 44" ink jet addressing system (2 off) - "300" gathering, stitching and trimming lines (2 off).

NEW 1990 LOCATED IN SWEDEN

SEND FOR COLOUR BROCHURE

Complete the coupon below and send off to: Henry Butcher & Co., 50/51 High Holborn, London WC1V 6EQ, England

NAME \_\_\_\_\_  
COMPANY \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
COUNTRY \_\_\_\_\_  
TEL: \_\_\_\_\_

ROWTON CASTLE HOTEL  
Nr Shrewsbury, Shropshire

- Imposing Country House Hotel
- 19 en suite letting beds
- 2 Bars
- Function/conference facilities for up to 225
- 45 cover restaurant
- Set in approximately 17 acres

Offers in excess of £500,000

Ref. 5842200

For further details contact: Paul Davey

021 456 1222

CHRISTIE & CO

## BUSINESS SERVICES

## NEW REGIONAL GRANT AREAS

EUROGRANT ACTS FOR SMALL AND LARGE COMPANIES AND HAS OBTAINED MILLIONS OF POUNDS FOR CLIENTS.

For your information pack: Tel: 0254 56557 Fax: 0254 567272

0254 56557

0254 567272

0254 56557

0254 567272

0254 56557

0254 567272

0254 56557

0254 567272

0254 56557

0254 567272

0254 56557

0254 567272

0254 56557

0254 567272

0254 56557

0254 567272

0254 56557

0254 567272

0254 56557

0254 567272

0254 56557

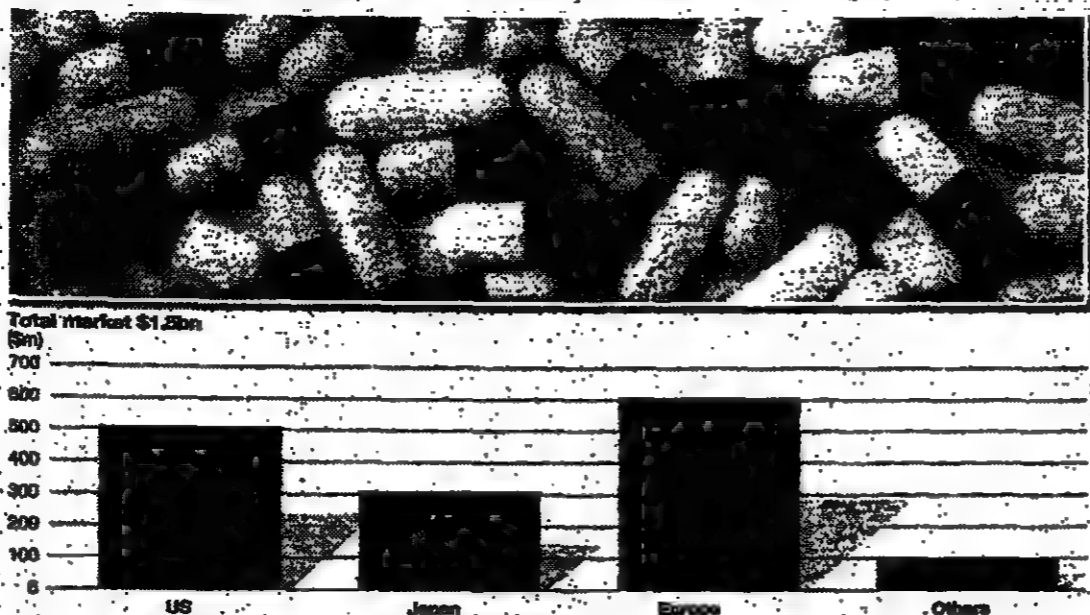
0254 56

## TECHNOLOGY

New drugs to treat schizophrenia are finally becoming available, says Victoria Griffith

# A renaissance in treatment

World anti-psychotics market 1991



A few years ago, tales of a miraculous new drug on the market to treat schizophrenia began to make their way around hospitals and psychiatrists' offices in Europe and the US. The stories told of patients debilitated by mental illness, sinking desperately into hallucinations and paranoia, then suddenly rehabilitated and living a normal life.

The success of the drug, clozapine, which was launched by Sandoz of Switzerland in the US in 1988, awakened a long-dormant interest in developing treatments for schizophrenia.

Encouraged by the clozapine experience, pharmaceutical groups are now producing a new generation of drugs to alleviate schizophrenia.

Among the most promising are risperidone and bromperidol, both manufactured by Janssen, a Belgian subsidiary of Johnson & Johnson, and remoxipride, made by Astra in Sweden. The UK pharmaceutical group Zeneca is expected to launch a competing treatment by late 1995 and Merck of the US and Kabi of Sweden are also developing candidates.

Schizophrenia, a serious mental illness involving hallucinations and paranoia, and in rare cases "split personality" syndrome, is a relatively common disease, affecting about 1 per cent of the population. It usually appears in late adolescence, when the frontal lobes of the brain are developing rapidly, and its impact is devastating. If untreated, the afflicted lose touch with reality and often drift into extreme poverty. Nearly one-third of the homeless population in the US is thought to suffer from the disease.

The drug market for schizophrenia is already substantial, with total annual sales amounting to about \$1.5bn (£1bn), according to Ian Smith, a pharmaceutical analyst with Lehman Brothers International in London.

It is also one of the faster-growing areas in the industry, with sales expanding at a rate of about 9 per cent a year. Moreover, with the large number of new drugs for schizophrenia coming on to the market, these numbers could balloon.

"We are finally starting to see a wide range of drugs developed for schizophrenia," says Peter Tooley, head of medical affairs for Janssen in the UK. "After 30 to 40 years of studying the disease, we're starting to get a handle on the disease."

Schizophrenia, which has long been a mystery to scientists, is now known to involve errant chemical messages making their way through the brain. "Dopamine receptors" are thought to play an important role in this mental game

of telephone, and almost all schizophrenic drugs on the market - referred to as neuroleptics - inhibit different classifications of these receptors.

Prior to the current generation of neuroleptics, the development of schizophrenic treatments depended more on luck than science. The first drug used in treating schizophrenia, thiorazine, was discovered by accident.

A doctor in Vietnam noticed that the compound, used at that point as a sedative, was effective in ridding patients of hallucinations. Psychiatrists began to use the product to treat schizophrenia and similar drugs were soon widely available.

Support for neuroleptics as the primary treatment for schizophrenia has been growing ever since, and is now embraced by the majority of psychiatrists.

Despite the growing faith in drugs to alleviate mental disease, the market for schizophrenia drugs is just emerging from a dry spell which spanned nearly 30 years.

"After the first drug came out, all we saw were variations on that treatment," says John Kane, chairman of psychiatry at the Long Island Jewish Medical Centre, New York. "That's why it's so exciting now to see a renaissance in drugs for the disease."

Doctors are particularly anxious for alternatives because past treatments have been far from perfect.

Drugs introduced prior to clozapine were extremely effective in controlling the hallucinations and paranoia, but they left patients depressed, apathetic and socially inept.

They had no effect at all on large numbers of schizophrenic patients and provoked disturbing side-effects: a clumsy gait, compulsive foot tapping and an irreversible neurological syndrome, "tardive dyskinesia", characterised by twitching of the facial muscles and tongue.

When it hit the market, clozapine was unique in that it did not cause muscle spasms. It was also effective

for many patients who had failed to respond to traditional treatments. "For many of my patients, clozapine has seemed like a miracle," says Robert McDivitt, trustee of the American Psychiatric Association.

Clozapine has its own problems, though. Its effectiveness in treating schizophrenia had been documented 20 years before its 1988 launch, but was withdrawn from the market due to a risky, though rare side-effect: agranulocytosis, a white blood cell deficiency.

Agranulocytosis can often prove fatal. However, the drug was finally approved for market because so few patients taking the drug - around 1 per cent - develop the affliction, and because the risk of the disease can be greatly reduced through regular blood tests. The drug's approval also reflected the desperate circumstances of many schizophrenic patients.

Clozapine has not been completely effective in improving patients' social skills. "Clozapine is a dirty drug, by which I mean that it affects a

number of different dopamine receptors," says Peter Jager, international product manager for the drug. "The new generation of drugs will be addressing specific receptors, and will therefore be much cleaner."

Neuroleptics such as risperidone have generated a great deal of interest because they seem to deal with the sociability of the patient as well as the more serious problem of hallucinations. The drug can cause muscle spasms, although the problem is much less severe than with traditional treatments.

The medical community is waiting anxiously to acquire the new drugs, several of which have been approved in Europe but not in the US.

"I have one patient who is just hanging on until she can get risperidone," says Jerome Rogoff, a professor at Harvard Medical School and assistant chief of psychiatry at the Faulkner Hospital in Boston. "It may make a difference."

Despite progress in research on schizophrenia, a great deal of mystery still shrouds the disease. "No one knows, for instance, why the drugs have an impact on the receptors calls within hours, but no effect on the patient for weeks," says Donald Klein, a professor of psychology at Columbia University. "It may be that the receptors are just the first domino in the chain, and once the other dominoes are understood, that would pave the way for new drugs."

It is also unclear why neuroleptics now on the market are effective in treating some patients and not others. Some scientists believe it is a question of narrowing the search down to a single, specific receptor. Others believe schizophrenia is not a single disease, but a group of diseases, which require distinct drug treatments.

Even if researchers come up with a perfect drug, doctors say it will not eradicate the disease. Patients usually suffer a relapse if they stop taking medication. "Patients with no mental illness will stop taking their pills once they feel well," said Rogoff.

"With schizophrenic patients this is an even greater risk. I have some patients who refuse even to try certain drugs because they say a voice has told them it's poisonous."

Still, the wider choice of drugs on the market will be a boon, not only to schizophrenic sufferers, but to researchers as well. "With the new treatments, we will be able to monitor the side-effects, and improvements in patients' condition, and get a better understanding of the role of the dopamine receptors," says Jager. "The key has not yet been found, but we are coming closer every year."

## Technically Speaking

## A kick-start for multimedia

By Jonathan Taylor

EVERYONE is talking about multimedia. Rapid growth has been predicted for this combination of text, sound and pictures. A number of the factors necessary to make this growth happen are finally falling into place.

In the personal computer world, many manufacturers are now building their hardware with CD-ROM drives built in (CD-ROM being the main delivery system for multimedia products). Also, the drives have tumbled in price and CDs are cheap to produce.

However, if we are to see a real explosion in the market, with the multimedia CD realising its potential and becoming common in homes and businesses, a big obstacle needs to be overcome - the cost of creation.

Up to now, principally text-based CD-ROM products have been developed and marketed by publishing houses whose principal copyright asset is text. The moment a book publisher strays from its traditional copyright base and enters the world of multimedia, creative costs can be crippling. Yet multimedia is exactly the area publishers need to be in to service the information market of the next century.

The importance of reducing the cost of materials in a multimedia CD-ROM product is considerable. Imagine all the elements which go to make up a 20-volume encyclopedia - then at least double this to take account of the fact that multimedia also uses sound, animation and film.

To give an idea of scale, some interactive CD products contain thousands of colour photographs and text documents. If these are sourced at the rates charged by photographic agencies for book products, the cost of the images alone would be more than £250,000. A few more overheads of that magnitude, and the whole business becomes impossible.

Consequently, some hardware and software manufacturers have poured huge subsidies into multimedia titles in a bid to ease the transition to commercial reality.

However, with the spectrum of multimedia resources in the hands of so many disparate copyright holders, publishers and software developers do not see such a simplistic approach working.

There is another related problem: the "price-perception" of a CD as opposed to that of a book. The public's idea of what a CD should cost is influenced by the lower price of music CDs. People are willing to pay hundreds of pounds for a set of printed volumes, but it is difficult to sell a CD to the home market above, say, £200, however much information has been squeezed on to it. This is a depressing realisation for the multimedia author, especially when you consider how much can be fitted on the disc (the complete works of Shakespeare take up only 5 per cent of a CD's storage capacity).

Should budding multimedia authors simply throw up their hands in despair? Not at all. Since publishers have a huge advantage in owning copyright on text and other book-related materials, many may think they can corner the market by jealously guarding their perceived advantage. They would be deluding themselves. Multimedia is a co-operative affair.

The computing industry thrives on the enthusiasm and drive of small developers and authors. It is in the interests of publishers to share their copyright materials with resource holders in other industries, whether music, film or animation. This would make available, at reasonable cost, the single most expensive creative overhead.

The best way of imagining how such a development would work is in terms of a resource centre. Authors or authorising organisations would become subscribers, their fee purchasing a particular level of usage, including replication of materials selected. The idea is to kick-start the development of the multimedia industry. It provides obvious cost advantages to authors which, in a competitive market, will inevitably be passed on to the purchaser.

The author is chief executive of Andromeda Interactive based in Abingdon, Oxfordshire.

## CONFERENCES

### RUSSIA



OF FOREIGN INVESTMENTS  
IN THE SIBERIAN AND FAR EASTERN  
REGIONS OF RUSSIA

CONFERENCE  
October 18 - 20, 1993  
IRKUTSK, RUSSIA

Foreign participants will be provided not only with large-scale project proposals in the various branches of industry including: petroleum chemistry, mining and processing ores, wood processing industry, transport, conversion of military production and others. But will also be given the opportunities to discuss those concrete proposals with the Heads of the respective Administrations of the Russian Federation, leading Russian experts, members of the Russian Government and legislative organs, as well as to visit the main enterprises of the Irkutsk Region. High-ranking officials and experts of UNIDO (United Nations Industrial Development Organization) will also take part in the conference.

Please telephone for further information:  
VIENNA: Telephone: 0043/1 505 44 58  
Telex: 0043/1 505 81 98  
MOSCOW: Telephone: 007/095 292 35 84  
Telex: 007/095 292 84 65  
IRKUTSK: Telephone: 007/3652 34 16 33  
Telex: 007/3652 27 13 59



## HOTELS AND LICENSED

#### THE CHARLES BERNARD HOTEL

HAMPSHIRE, LONDON NW3

Purpose-built 3 star commercial hotel.

- Just off Finchley Road with easy access City & West End from nearby Tube.
- 57 en suite bedrooms, reception area, lounge, lounge bar, dining room (50), parking (12).
- Excellent profits on net T/O £685,000 (Y/E 30.6.93).

FRESHOLD OFFERS INVITED  
ROBERT BARRY & CO. TEL: 071-491 3026  
Hotel, leisure & licensed property specialists.

## AUCTIONS

#### COURT OF CAGLIARI: NOTICE OF AUCTION

Execution no. 45/88 versus EDISAC Immobiliare Srl.  
On 11th November 1993 at 11.30 a.m. the auction sale of the building described herewith will take place:  
Tourist complex in Villasilvius, Capo Boi, consisting of 40 accommodation units with various appurtenances, registered at the Land Registry Office under F 19 maps 33, 35, 10, 32/5, 69/5, 69/1, 69/18.  
Base price: Lit. 3,500,000,000  
Minimum progressive bid: Lit. 500,000,000  
Deposit and fees: 30% of base price to the Court's office by 8th November 1993, at 1.00 p.m.  
Residual amount to be paid within 30 days from adjudication in compliance with the Consolidation Act regulations on mortgage credit.  
DIRECTOR'S COURT  
E. MENEGUZZI

#### COURT OF CAGLIARI: NOTICE OF AUCTION

Execution no. 71/88 versus SUIZO SARDA Spa with main office in Cagliari.  
On 11th November 1993 at 11.30 a.m. the auction sale of the building described herewith will take place:  
Hotel complex named Hotel Capo Boi in Villasilvius, Capo Boi, registered at the Land Registry Office under F 19 maps 31/a, 32/a, 34, 50, 51, 68/a, 69/2 and 107; subject to amnesty charges.  
Base price: Lit. 12,000,000,000  
Minimum progressive bid: Lit. 4,000,000,000  
Deposit and fees: 30% of base price to the Court's office by 8th November 1993, at 1.00 p.m.  
Residual amount to be paid within 30 days from adjudication in compliance with the Consolidation Act regulations on mortgage credit.  
DIRECTOR'S COURT  
E. MENEGUZZI

## OFFICE EQUIPMENT

#### ITALIAN OIL COMPANY MOVES H.Q.

Large quantity of high quality stylish designer furniture. Executive & Boardroom seating, boardroom tables, operator seating, deskling & workstations, screens, reception furniture, fire resistant cabinets, executive suites. (Phone 081-549-9339)

## HOTELS AND LICENSED

#### LARGE DISTRICT - HOTEL FOR SALE

33 En-suite Bedrooms  
80 cover restaurant  
Function room for 300  
Excellent Turnover  
To Year End 31/5/93 £248,000  
Ex VAT Net Profit £91,000  
£350,000 Freehold  
Details: Tel: 06973 20681

## BANKRUPT STOCK TO CLEAR

General office and systems furniture, Desks, filing cabinets executive furniture, screens boxed quality chairs from £25.00  
Tel 081 743 2100  
Fax 081 749 9500

## AIRCRAFT FOR SALE

#### AIRCRAFT SPARES

Aircraft Spares 90% 737 300/400 series 757,767  
Balance DC 8,9,10 cost value \$750,000 US.  
Offers phone 0706 877112 or 0706 875746  
fax 0706 877023.

## LEGAL NOTICES

#### UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re: OLYMPIA & YORK WATER STREET FINANCE CORP., and O & Y WATER STREET CREDIT CORP., Debtors.

Case No. 93-1000 (LJC) (Jointly Administered) (Chapter 11)

NOTICE OF HEARING TO CONSIDER MODIFICATION OF JOINT PLAN TO REORGANIZE SETTLEMENT OF CLAIMS AGAINST SALOMON BROTHERS INC. ET AL.

NOTICE IS HEREBY GIVEN as follows:

1. A hearing to consider a Motion for summary of an Order determining that certain proposed modifications to the Joint Plan of Reorganization of the Debtors' Chapter 11 Case No. 93-1000 (LJC) (Jointly Administered) (Chapter 11) shall be held on September 14, 1993 at 10:00 a.m. in the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.
2. The purpose of the proposed modifications is to provide for the retention of potential Water Street Claims by the Debtors, and to provide for the retention of potential Water Street Claims by the Debtors, and to provide for the retention of potential Water Street Claims by the Debtors.
3. The proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.
4. The proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.
5. The proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.
6. The proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.
7. The proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.
8. The proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.
9. The proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.
10. The proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

UNLESS AN OBJECTION IS TIMELY SERVED AND FILED IN ACCORDANCE WITH THE RULES OF THE COURT, THE COURT WILL NOT CONSIDER THE PROPOSED MODIFICATIONS.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

NOTICE IS HEREBY GIVEN that the proposed modifications shall be subject to the approval of the United States Bankruptcy Court, Southern District of New York, New York County, at the Courtroom of the United States Bankruptcy Court, 200 West Street, New York, New York 10038-1000.

## COMPANY NOTICES

#### GENERAL MOTORS CORPORATION

NOTICE IS HEREBY GIVEN that resulting from the corporation's declaration of a dividend of \$0.20(gross) per share of the common stock of the corporation payable on the 10th September 1993 there will become due in respect of the bearer depositary receipts in gross distribution of 1.00 per cent per unit. The depositary will give further notice of the sterling equivalent of the net distribution per unit payable on and after the 15th September 1993. All claims must be accompanied by a completed claim form and USA tax declaration obtainable from the depositary. Claimants other than UK banks and members of the Stock Exchange must lodge their bearer depositary receipts for marking. Postal claims cannot be accepted. The corporation's 2nd quarter 1993 report will be available upon application to the depositary named below -

Barclays Bank PLC

Stock Exchange Services Department

168 Fenchurch Street, London EC3P 3HP

LEGAL NOTICES

HEXEMERE LIMITED

Registered in: 1985/000

Trading name: Hexemere

Trade Classification: 2002

NOOKS & JOYNS WORKS LIMITED

Registered in: 2002/002

Trading name: Hexemere

HEXEMERE CONTRACTS LIMITED

Registered in: 1992/000

Trading name: Hexemere

HEXEMERE HOLDINGS LIMITED

Registered in: 1988/000

Trading name: Hexemere

Date of appointment: 24 August 1993

By whom appointed: Michael Williamson Bank plc

Date of change: 19 December 1992

Name of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

Address of change: Michael Williamson Bank plc

## PEOPLE

# Personal tax expertise however you translate it

- If you'd like to find ways to minimise your tax bill at home or abroad, you should talk to us.
- Our personal tax planning and compliance experts have a wide range of expertise, so they know all the ways and means to cut your tax bill down to size.
- Practical advice is available quickly on a whole range of problems. Our team meet on a regular basis to discuss the implications of the latest trends and developments world-wide.
- Thanks to this network, you can take advantage of the best rates and deals, planning your tax affairs both nationally and internationally.
- For more details, contact Richard Rees-Pulley, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 3NH. Direct line: 071-931 2832.

**ERNST & YOUNG**

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

## From public and private sectors to Avon's lobbying forum

The Western Development Partnership in Avon, a public and private sector lobbying forum, has appointed its first chief executive, Richard Brown. Until May this year he was manager of strategic direction and organisation at the power distribution company National Grid.

The partnership was formed as a company in June to press the case for Avon's economic development. It arose out of a widely-held belief that the region has suffered from the lack of a unified voice, especially in pressing its case in Whitehall and Brussels. The

impact of the recession on the area has been compounded by the contraction of the defence and aerospace industries.

Chris Garcia, a strategic planning consultant, has been drawing up a business plan for the partnership, which has funding of £250,000 for its first year from councils, industry and Avon. Brown's task will be to promote the region and attract inward investment and job creation. The partnership has already been active in co-ordinating bids for European Community regional aid.

Brown's background is in both the public and private

sectors. An Oxford graduate now aged 46, his early career was as a civil servant, firstly with the Department of the Environment and then the Department of Trade and Industry. For three years he was head of the North American section of the DTI's Invest in Britain Bureau.

In 1988 he joined Meyer International, the timber supplier, where he was head of corporate development and joint managing director of its German subsidiary, Kloeckner-Meyer.

He joined National Grid in February last year.

■ Stephen Hopewell has been promoted from divisional general manager to joint operations director responsible for the management of PENDRAGON's existing businesses.

■ Andrew Mawby, formerly Auto Refinish director for Asia Pacific based in Japan, has been appointed sales director for Northern Europe for AUTOMOTIVE REFINISH, part of PPG; he succeeds Tom Mauck who is returning to the US.

■ Richard Craddy and Alun Roberts have been promoted to become directors of Strachan & Henshaw, part of WEIR GROUP.

■ Eddie Styling, formerly md of Dixons and Comet, has been appointed md of Allied Maples, part of ASDA GROUP.

## Constructive careers

■ Jim Leach, formerly financial director, has been appointed md of Hall & Tawse Scotland, part of RAIN; he succeeds Jim Birnie who is taking early retirement for health reasons.

■ Alan Gunner, formerly a director of Trafalgar House Construction (Regions), has been appointed md of GEOFFREY OSBORNE Civil Engineering. David Kent and Nick Tandle have been appointed to the board of Geoffrey Osborne Building.

■ John Sharples, executive director of TARMAC CONSTRUCTIONS REGIONS' southern region, has been appointed business

development director.

■ Bob Marshall, formerly group md of John Lelliott Group, has been appointed a director of MORGAN LOVELL.

■ Alan Year is promoted to the board of EDMOND HOLDINGS.

■ Mike Wood, formerly a director of Wimpey Construction, has been appointed chairman of Sir Alexander Gibb & Partners' Project and Construction Management Group in succession to Joey Horn.

■ John Carson, md of the Scottish region, has been appointed deputy md of MILLER Civil Engineering.

■ Chris Mayall, formerly md of Tarmac Industrial Products division, has been appointed chief operating officer and to the board of TARMAC Construction.

## Radcliffe promoted at Hogg Robinson

David Radcliffe yesterday joined the board of Hogg Robinson, the business travel, financial services and transport group. Radcliffe, 40, has worked his way up through the group; he joined in 1978 and now also becomes managing director of Hogg Robinson Business International.

Radcliffe, who was born in Hackney, east London, began his travel management career with the Automobile Association at the age of 28; his first job was to set up an AA travel agency in Norwich.

Brian Perry, the chairman,



says Radcliffe's appointment underlines the importance the group attaches to business travel; having sold its retail travel chain to Airtours last June, Radcliffe says he is looking for possible acquisition targets both inside and outside the UK.



Tom Frost has lost no time in snapping up his first non-executive directorships since retiring as deputy chairman of National Westminster Bank. Last week he joined IOCH and The London Clearing House, the clearing house for Liffe, IFE, LCE and LME. Now he has joined the board of Five Oaks Investments, a property company.

Five Oaks says it had decided to appoint a third non-executive director to comply with the Cadbury report. It plans to embark on a period of expansion to take advantage of the upturn in the property cycle. Last month, Five Oaks Investments raised £12.2m in a placing and open offer, which has given it the scope to spend £15m on acquisitions.



**Cable & Satellite Broadcasting**  
5 October, 1993

**International Telecommunications**  
18 October, 1993

LONDON STOCK EXCHANGE

FINANCIAL TIMES

Footsie breaks through 3,000 barrier

From your  
local newsagent  
£1.60

(Financial Times 12/9/93)

For expert investment advice

**INVESTORS  
CHRONICLE**

There is a  
limited amount of  
marketing opportunities  
available at the conference

**FT**

FINANCIAL TIMES CONFERENCES

## RETAILING IN THE 1990s

- New Opportunities, New Challenges  
London - 12 & 13 October 1993

A high-level conference for retailers, manufacturers, suppliers of services and the financial community to meet and discuss issues of current concern to the industry.

Subjects to be addressed:

- \* International growth opportunities
- \* New routes to market
- \* Partnerships in the supply chain
- \* Performance and profitability
- \* Refocusing on the consumer

Speakers include:

**Sir Geoffrey Mulcahy**  
Chairman  
Kingfisher plc

**Mr James N W May**  
Director-General  
British Retail Consortium

**Mr Gerald F Hogan**  
President & Chief Executive Officer  
Home Shopping Network, Inc

**Mr Arthur Martinez**  
Chairman and Chief Executive Officer  
of Merchandise Group  
Sears Roebuck and Company

**Mr Paul G Moulton**  
Managing Director Costco Europe (UK)  
Limited

**Mr Thomas W Vadeboncoeur**  
Director of Customer Service - Europe  
Coca-Cola International

A FINANCIAL TIMES CONFERENCE in association with **Coopers & Lybrand**

## RETAILING IN THE 1990s

- ☐ Please send me conference details
- ☐ Please send me details about marketing opportunities

**FT**

FINANCIAL TIMES  
CONFERENCES

Financial Times Conference Organisation  
102-108 Clerkenwell Road, London EC1M 5SA  
Tel: 071-814 9770. Tlx: 27347 FTCONF G.  
Fax: 071-873 3975/3969

Name Mr/Ms/Ms/Other \_\_\_\_\_ Dept \_\_\_\_\_  
Position \_\_\_\_\_  
Company/Organisation \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
Country \_\_\_\_\_  
Post Code \_\_\_\_\_  
Tel \_\_\_\_\_ Tlx \_\_\_\_\_ Fax \_\_\_\_\_  
Type of Business \_\_\_\_\_ RA

# The hard facts about software.

The Software at Work Survey in Wednesday's FT

In our Software at Work Survey there are in-depth reports on Teleworking, Facilities Management and Rapid Application Development, plus all the latest in software and computing.

So if you want to be in the know about software, read the Software at Work Survey in the Financial Times on Wednesday.

You'll find it very user-friendly.

**FT. Because business is never black and white.**

Art / Lynn MacRitchie

# Gilbert and George pay China's price

"THERE ARE many ordinary people here, people off the street. The China Art Gallery is always the place where you see whether the political trend is going backwards or forwards," the young Chinese said.

We were talking in front of "City Drop," one of 55 recent pictures by Gilbert and George on show there until 3 October. It shows Gilbert and George tumbling from the sky above a panoramic view of London.

So did Long Xizu, Professor of the Central Institute of Minorities, and a famous establishment critic of photography and art. His interpretation of the picture was fascinating. He thought that "City Drop" meant that no matter how hard we try, even if we jump up into the sky, it is impossible to escape what we have created. And sometimes, no matter how beautiful those things are, everyone wants to escape.

As we were walking round, he told me of the conversations he could overhear. A young man told an older one he thought the picture "wonderful." "What's so wonderful?" asked the older man. "There's no beauty there. Everyone is standing up side down."

The Chinese have had long and painful practice in looking for meaning in paintings, or indeed any other works of art, and the meaning of the Gilbert and George show both in itself and as an exhibition with government support - it was organised through the cultural section of the Chinese

Embassy in London in co-operation with the China International Exhibition Agency, a department of the Ministry of Culture in Beijing - has been the talk of the Beijing art world ever since the English artists arrived. The art community, though small, is remarkably active, and spans the avant garde, professors in art schools and representatives of the Ministry of Culture, the body which still determines what is the acceptable fate of official art.

The official view seems to be that an exhibition of the works of "Mr Gilbert and Mr George," the distinguished and famous western artists, is a fine example of cultural exchange and friendship between our two countries. The unofficial view, expressed by young Chinese who take a pride in aggressive cynicism, is that "they must have paid a lot of money to the China Art Gallery."

While each of these statements is true, neither is the whole truth, nor does their combination add up to it. Four years after the Tiananmen Square incident and in the final stages of his bid to secure the Olympics, permitting such a major exhibition would have been irresistible to any government in need of a boost to the "liberal" aspect of its image.

The *China Daily*, the English language paper popped under all hotel guests' doors, even implies as much in its listings entry for the show. As to the money, these days, and indeed throughout the 1980s, the temporary exhibition spaces of the



A prestigious catch: "Eyes" is part of Gilbert and George's exhibition in China. The China Art Gallery are available for rent. Some of the young avant garde painters themselves have hired small rooms there for shows - not always without incident, however. The week before the Gilbert and George show opened, an exhibition by a group of young painters was closed after gallery officials demanded that some of the more controversial works be moved to another venue. One exhibitor staged a protest event, cutting his long hair; he was arrested and the show closed down.

The Gilbert and George show occupies three rooms on the first floor, the most prestigious, and rental was levied accordingly. The whole exhibition was paid for with privately raised funds, including a large contribution from the Anthony D'Offay Gallery and support from the Willis Corroon Group.

At the opening, the gallery was packed to bursting with an extraordinary mixture of art world types, both western and Chinese, dressed in everything from vests and cotton trousers to impeccable business suits to the latest clubbing gear who listened to speeches from the British ambassador and the former Chinese vice-minister for culture before getting stuck into the mini-riot which broke out around the catalogue desk. And all fuelled on bottles of pop, drunk through a straw - no alcohol, probably fortunately, was served.

And what did the artists think of it all? The opening

they found "very emotional, historic," and there is no doubt that it was.

Gilbert and George wanted to show in China because, "There are people here, like everybody else. Once we arrived we knew it was the right decision, because we had this feeling of modernity, of hope. We think they will be able to understand our art in a fresh way."

While some of the younger Chinese viewers expressed disappointment that the pictures had so little "anger" in them (expressing their rage about past decades and future uncertainty is a very important theme for Beijing's young painters) all were impressed at the scale of the works, their advanced techniques and their

vivid colours.

The last western artist to show in the gallery was Robert Rauschenberg in 1985, whose work had an enormous effect on the work of local painters, leading directly to the present school of Political Pop now finding favour in the west.

There will be a school of Gilbert and George is too early to say. Younger Chinese artists are much more sophisticated now, and firmly committed to finding their own way of expressing their experiences, a view with which Gilbert and George are in perfect sympathy. Standing in their immaculate suits in a tiny shack, both home and studio of a young artist who had just staged a performance in their honour,

they told him, "This is just how we started out. We were the poorest people we knew."

They are far from poor now, and successful internationally in a way few British artists have ever been. That determined individualism and years of hard work can bring the highest rewards is a lesson that the Chinese are more than ready to hear, and one that the presence in their capital of Gilbert and George, their timing as impeccable as their suits, is uniquely able to embody.

Gilbert & George China Exhibition, China National Art Gallery, Beijing, 3 September to 3 October, then to The Art Museum, Shanghai, 21 October to 11 November. Supported by the Willis Corroon Group.

## Edinburgh Moving British debut

THE SINGER Thomas Quasthoff, who made his British debut on Friday morning, was one of the Edinburgh Festival's unknown quantities. In the event, his recital of Schubert and Brahmslieder proved a real success.

A friend, who had arrived late at the Queen's Hall and had had to wait outside the auditorium until a suitable pause, told me afterwards of his immediate excitement in hearing Quasthoff's eloquence and unaffected communicative ease through the closed doors, though he had known nothing of Quasthoff beforehand.

This is an important test, because those who sing Quasthoff before he starts to sing may find their reactions coloured by the fact that he is a victim of thalidomide. His publicity makes no mention of this, and he himself draws no attention to it.

He enters with his accompanist, mounts some extra steps, and sings from his perch on a stool. His face is calm, his manners simple and sweet, his accord with Peter Langemann, his accompanist, one of affection and good humour.

Quasthoff's voice is described as a baritone, though to my ear it is more like a very light bass. In recital it reveals no great volume or glamour, and sometimes it starts to sound slightly reedy. But he is a communicator, one who makes the words he sings speak.

The sheer lack of fuss or sentimentality in his way of singing "An die Musik" was refreshing - and touching, after the several dark Schubert songs he had already delivered. Then, after the interval, he sang the Brahms *Four Serious Songs*. He gave them without the gravitas or portentousness that has often marked their performance, but rather as a plain crowd by which he lived his life.

Like others, I was moved to tears by the Brahms. Last I should note enthusiastic about Quasthoff, I state that his art is not one of limitless resources. He phrases with a natural sense of legato but without an always firm cantabile line. He shades his singing eloquently, but has a restricted range of vocal character; there is not much contrast (though enough) between the three or more "songs" he plays in the course of Schubert's *Serenade* and Brahms' *Singing*. "Infelice, a in crederi" from Verdi's *Ernani* (as a self-indulgent first encore), he did not attempt the advanced years of the character who sings it; heartfelt, but youthful and small-scaled.

Yet Quasthoff is so sincere a singer that he never seems held back by such limitations. The personality that he projects is one of dignity and reflectiveness. He seems naturally suited to music of a personal, romantic tendency; but he handled some of Schubert's longer narratives with assurance. May he return to these shores, and soon.

Alastair Macaulay

## Concert / William Weaver

# A mass resung after 400 years

ON THE occasion of the crowning of the Doge's Palace, the Venetian Republic celebrated the 400th anniversary of the Republic in its festive heyday.

The Save Venice organisation, which has achieved splendid results in the restoration of the city, has brought imagination even to its fund-raising and it has turned its attention also to investigating Venetian music and its performance in the past.

The American-born musicologist Randolph Mickelson, long a Venice resident, has for some years been studying not only the manuscripts of Venetian music of the golden age but also the records of performances in the Basilica of San Marco, collating published sources with ancient ledgers to reconstruct with accuracy the music of a specific Mass celebrated on a given day. For, to command later scholars, the musical parts of the Mass, often composed by several hands, might be given in varying sequences on different occasions.

Over a six-year period, Mickelson has convincingly recreated a Mass heard in San Marco on Tuesday 6 May 1597

Imperial Chapel of Vienna. For the invited audience of the generous patrons of Save Venice, in a Basilica all aglow (the Zen chapel newly resplendent thanks to these friends of the city) like a magic series of golden caves, the Doge's Mass was sung last week for the first time in almost four centuries.

Like the mosaics through

*'Like the mosaics through which it echoed, the mass has maintained all its brilliance'*

of the solemn Mass, which included music by a dead composer, Adrian Willaert, and by the living Venetians Giovanni Gabrieli and Giovanni Croce. Both composed regularly for the Basilica - Gabrieli was San Marco's organist for many years, and Croce later became its choirmaster but their fame, and their music, rapidly travelled from Venice to other parts of Europe.

Mickelson found a manuscript of Croce's Ordinary, used in the Doge's Mass, in the Great Choirbook of the

which it echoed, it has maintained all its brilliance. First a brass choir proceeded from the main door of the church down the nave, through the roodscreen, to the altar, its solemn fanfare reaching in the shadowy air. Then, invisible in the west loft, the Ambrosian singers and members of the National Philharmonic Orchestra performed three psalms of Croce, while the baritone Francis Keeping - standing in for the Nuncio - chanted the words of the Mass, as the Coro

Gregoriano of Treviso - Italy's finest keepers of the Gregorian flame - responded.

Keeping stood in the great porphyry pulpit, the Gregorians clustered below him, so chant and baroque music alternated from separate parts of the church, as chorus alternated with solo instruments, and the organ sometimes a powerful accompaniment, sometimes magnificently on its own, poured out floods of glorious sound.

The separation of the forces seemed deliberately to counterpose church and state, the stark chanting belonged to heaven while the Dogs' assertive trumpets, heard at intervals from behind the altar, were compelling reminders of worldly power.

The gifted young conductor Raffello Sapere ably kept the separate forces together and - with the mellifluous and sober Keeping - helped maintain the shape of the event. Most of the gala international audience sat in the nave, under the flickering red light of the chandeliers. But a fortunate few were allowed in the little area before the altar, where the thrones of Doge and Dogressa once stood. Here the acoustics were amazingly clear, the dying echoes never overlapped or became muddled; and the secular brass rang out with a clarity and brilliance that would have fallen sweetly then on dual ears, as it did, now, on ours.

## Proms

# Henze, Handel, Beethoven

ON SUNDAY we had a brace of BBC Proms: at noon, Hans Werner Henze's newly completed *Requiem*, followed by a public party in the park, and in the evening the "period" Orchestra of the Age of Enlightenment playing Haydn's and Beethoven's last symphonies. The special attractions of each had nothing to do with the other.

Henze's *Requiem* has grown from a 1980 "Introitus" - written upon the death, from an AIDS-related illness, of the London Sinfonietta's artistic director Michael Vyner - to a nine-movement work, one of his best. None of the ancient liturgical text is actually sung, though its words apparently guided the composing. Henze is not a believer, and has chosen to treat eight sections of the *Requiem* as symbolic of related deep feelings - grief, fear, loss and so on. He has borrowed a non-canonical ninth, the "Ave verum corpus", surely with Mozart's ethereally tender setting in mind.

Instead of voices, then, Henze has assigned eloquent solo roles to piano and virtuoso trumpet, fronting a large chamber orchestra with many chiming instruments, (celesta, vibraphone, tubular bells, handbells). The little Geistliche

Konzerte of Heinrich Schütz served him as models. Throughout, the tone is intimate, lyrical, luminous, candidly personal: impossible not to think of John Corigliano's recent, strident "Aids" Symphony as a comparison, and impossible not to think of this *Requiem* as incomparably finer music.

Just occasionally, the score raises its voice in anger or distress, fulfilling the dramatic demands of an hour-long piece: in the urgent "Dias Iras", of course, in the violent "Rex tremendae" which introduces the trumpet for the first time, in a "Tuba mirum" with a grotesque parodic march and Latin-American rhythms. But as in all Henze's best chamber music, ruminative gentleness is the keynote: Paul Crossley - Vyner's successor with the Sinfonietta - struck it unerringly in the lovely piano music, and Hakan Hardenberger too in the speaking trumpet-part (high-flying though it is).

With the "Sanctus" at the close, shimmering with handbells and dramatised by a pair of trumpets high up in the balconies, the score attains an elevated composure. Oliver Knussen conducted with full sympathetic authority. Henze's particular genius, which sometimes sounds thin-stretched in

large-scale pieces, has never been better served than by the original form and style of this *Requiem*.

The evening Prom concert was given by Frans Brüggen and the Orchestra of the Age of Enlightenment ("period" instruments). A nice pairing: the last symphonies of Haydn, the "London", and Beethoven, the "Choral". In the Albert Hall, with these instrumental forces, the Haydn sounded elegant but a little wan: one wanted to hear it somewhere smaller, or at least to be standing at the front of the Promenade.

Somehow, nonetheless, Brüggen worked miracles with the "Choral" Symphony. His tempi were consistently quick, by ordinary standards, and perfectly convincing. The dry, ratty tempi made a splendid effect in the Scherzo. The New Company chorus had a confidence and clarity disproportionate to their modest numbers, and the soloists - Judith Howarth, Susan Bickley, Hans Peter Blochwitz and Andreas Schmidt - were as clean and well-matched a quartet as I have heard in this work for a long time. The audience was overjoyed, quite rightly.

David Murray

## INTERNATIONAL ARTS GUIDE

### AMSTERDAM

Muziektheater Tonight, tomorrow afternoon and evening, Fri, Sat and next Mon: Dutch National Ballet present Peter Wright's production of Giselle. Thurs and Sun afternoon (also Sep 15, 18, 22, 25, 29): Hartmut Haenchen conducts Klaus-Michael Grüber's Netherlands Opera production of Parsifal, with Jan Hendrik Rootering, Wolfgang Schöbe, Barry McCauley, Günter von Kannen and Rutthild Engert (020-825 5455).

Concertgebouw Sat afternoon: Lev Markiz conducts New Amsterdam Sinfonietta in works by Ketting, Stravinsky and Shostakovich. Next Mon: Simon Rattle conducts City of Birmingham Symphony Orchestra in works by Schoenberg, Schubert and Nielsen. Sep 18: Cecilia Bartoli (24-hour information service 020-875 4411 ticket reservations 020-871 8345).

### ANTWERP

Tonight at deSinget: Antonio Pappano conducts Orchestra of

the Monnaie in works by Beethoven and Richard Strauss, with violin soloist Thomas Zehetmair. Fri: Michael Moore Jazz Quintet. Sat: Peter Ebdöv conducts Royal Flanders Philharmonic Orchestra in Boulez and Bartok, with violin soloist Christian Tetzlaff (Antwerp 93: information from Grote Markt 29, B-2000 Antwerp, tel 03-226 9300; tickets from Tele Ticket Service tel 070-233233 or in person at Franc, Groenplaats, Antwerp).

### BRUSSELS

Palais des Beaux Arts Tonight: Gidon Kremer and friends play chamber music by Schubert, Shostakovich and others. Sat: Simon Rattle conducts City of Birmingham Symphony Orchestra in works by Schoenberg, Schubert and Nielsen. Next Mon: Maurizio Pollini plays Beethoven piano sonatas (tickets 02-507 8200 information 02-507 8410).

Monnaie Sat: opening night of 1993-4 season with concert performance of Fidelio conducted by Heinrich Schiff. Repeated Sep 12, 14, 15, 17, 18, 19, 21 and 22, with Janis Martin and Nadine Secunde alternating as Leonore (02-219 8341).

### CHICAGO

CHICAGO SYMPHONY The new season at Orchestra Hall opens on Sep 17 with the first of four performances of Verdi's *Requiem* conducted by Daniel Barenboim, who also directs three other programmes in the opening month (312-435 6666).

CHICAGO LYRIC OPERA The 1993-4 season at Civic Opera House opens on Sep 18 with a new production of La traviata staged by Frank Galati and conducted by Bruno Bartoletti, with a cast led by June Anderson, Giuseppe Sabbatini and Dmitri Hvorostovsky. Massenet's Don Quichotte is revived on Sep 26 with Samuel Ramey in the title role (312-332 2244).

### GENEVA

OPERA The 1993-4 season at the Grand Théâtre opens on Sun with a new production of Carmen, staged by Adolfo Marsiliach and conducted by Gary Bertini, with Deryce Graves in the title role and Thomas Moser as Don José. Further performances Sep 15, 18, 20, 23, 26, 29, Oct 2 (022-311 2311).

### THEATRE

The first production of the season at Théâtre de Carouge is Molière's *Le Misanthrope*, opening next Tues and running till Oct 11 (022-343 4343).

### GHEENT

The first staged production at the renovated opera house is Otello, conducted by Stefan Soltesz and staged by Gilbert Deleo, with a cast led by Corneliu Murgu, Knut Skram and Elena Filipova (Sep 23, 26, 29, Oct 2). The season also includes Samson et Dalila, La bohème, L'incoronazione di Poppea, La Cenerentola, Lohengrin, Billy Budd and Die Fledermaus (081-225 2425).

### THE HAGUE

The 1993-4 season of Nederlands Dans Theater opens on Thurs with a programme entitled The Hague School of Dancing, choreographed by Martin Müller, Mats Ek and Nacho Duato. Repeated on Fri and Sat, also Sep 16, 17, 18 (070-360 4930).

### LINZ

This year's Bruckner Festival opens on Sat with a performance of the Eighth Symphony by the Bavarian Radio Symphony Orchestra conducted by Lorin Maazel. Other visitors include the Hilliard Ensemble with a programme of choral music by Bruckner, Pärt, Purcell and Cage; 1 Solisti Veneti with works by Respighi and Wolf-Ferrari; and Russian pianist Lazar Berman. Horst Stein conducts the Bamberg Symphony Orchestra in Bruckner's First Symphony, Philippe Herreweghe conducts La Chapelle Royale in Bruckner's Mass in E minor and the final concert on Oct 2 and 3 are by the London Philharmonic under Franz Welser-Möst (0732-775230).

### ROTTERDAM

De Doelen Thurs, Fri: Jeffrey Tate conducts Rotterdam Philharmonic Orchestra in works by Beethoven and Bruckner, with piano soloist Lars Vogt (010-217 1717).

### VIENNA

OPERA Luba Orgonasova is Constanza in tonight's performance of Entführung

at the Staatsoper, repeated on Sat. Donald Runnicles conducts Die Walküre tomorrow and Siegfried on Sun, with casts including Hildegard Behrens, Waltraud Meier, Robert Hale, Paul Elving, Wolfgang Schmidt and Heinz Zednick. The repertoire also includes Aida and Die Zauberflöte (51444 2955).

### CONCERTS

The Vienna Mozart Orchestra gives concerts in the Musikverein on Sat and next Wed. The Vienna Philharmonic Orchestra's first subscription concert of the new season are conducted by Riccardo Muti on Sep 18 and 19. Alfred Brendel gives a piano recital on Sep 21, followed by Murray Perahia on Sep 30 (605 8190).

### WASHINGTON

THEATRE Cellophane Xerox: Frederick Gaires' play explores the legacy of Kent State in 1970, when the National Guard was ordered to shoot students protesting against the Vietnam war. Till Oct 19 (George Mason University Center for the Arts 703-993 8888).

The Kentucky Cycle: Robert Schenckman's tale of three families who settle, feud and die for the hills and hollows of eastern Kentucky. The play, divided into two parts played on separate evenings, spans 200 years of American history, with a cast of 20 portraying 72 roles (Kennedy Center Eisenhower Theater 202-467 4800).

Fires in the Mirror: Anna Deavere Smith's tale of class and racial conflict, based on interviews with Jewish and black leaders from

the Crown Heights riots in 1991. New York. Opens tomorrow, till Sep 19 (Arts Stage's Kreger Theater 202-488 3300).

The Caretaker: Harold Pinter's modern classic directed by Joy Zhanon. Opens tomorrow, till Oct 10 (Studio Theater 202-332 3300). The Phantom of the Opera: Andrew Lloyd Webber's musical, directed by Harold Prince. Till Oct 2 (Kennedy Center Opera House 202-467 4900).

Kreutz: Steven Berkoff's comedy. Till Sep 26 (Willy Marmoth 202-393 9839).

### JAZZ/CABARET

Wolf Trap Tonight: Bruce Hornsby. Tomorrow, Thurs: Bob Dylan and Santana. Fri: Slide Hampton and Jazz Masters. Sat: Kathy Mathes, country music (1624 Trap Road, Vienna, Virginia, 703-218 6500).

### ZURICH

Henze mini-festival: a series of events focusing on the music of Hans Werner Henze dominates Zurich's concert and opera programme over the next two weeks, based around a production of Der Prinz von Homburg at the Opernhaus. The production, conducted by Eilahu Inbal and staged by Nikolaus Lehnhoff, opens on Sun with Thomas Hampson in the title role (01-282 0909). On Thurs at the Tonhalle, Collegium Novum Zurich presents a concert entitled The Imaginary Theatre of Hans Werner Henze. On Sun, Anja Silja is soloist in Henze's new arrangement of songs from La Cubana. His new Requiem will be performed on Sep 20 (01-261 8600).

## ARTS GUIDE

Monday: Berlin, New York and Paris. Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington. Wednesday: France, Germany, Scandinavia. Thursday: Italy, Spain, Athens, London, Prague. Friday: Exhibitions Guide.

## European Cable and Satellite Business TV

(All times CET)  
MONDAY TO THURSDAY Super Channel: European Business Today 0730; 2230 Monday Super Channel: West of Moscow 1230. Super Channel: Financial Times Reports 0630 Wednesday Super Channel: Financial Times Reports 2130 Thursday Sky News: Financial Times Reports 2030; 0130 Friday Super Channel: European Business Today 0730; 2230 Sky News: Financial Times Reports 0530 Saturday Super Channel: Financial Times Reports 0530 Sky News: West of Moscow 1130; 2230 Sunday Super Channel: West of Moscow 1830 Super Channel: Financial Times Reports 1900 Sky News: West of Moscow 0230; 0530 Sky News: Financial Times Reports 1330; 2030

Last week Turkey stepped up the diplomatic pressure by

According to observers, about 5m tonnes of crude oil is shipped annually through the

Ultimately, however, Turkey may be the winner. It is committing intense diplomatic efforts to persuading western governments to support its case for restricting access to the Bosphorus, while continuing to negotiate for the pipeline with Azerbaijan. A decision on the project may be several months away - but on it rests Turkey's regional prestige.

**It is impossible not to mock, yet it is uncomfortable to do so. Millions of good people sang such tunes, and believed the promises in their seductive rhymes. The suffering they record was genuine; many who sought to improve the condition of the poor, or of badly treated employees, were, every now and then, just for a moment, heroes. *Shall we only hope for heaven when we're dead?* asks Ralph Chaplin's**

One reason why Labour is still regarded as a loser by a majority of the electorate is the association of the party with the trade unions. This hurts both sides. In another recent Fabian pamphlet\*, Philip Bessett and Alan Cave quote survey evidence to the effect that "even among members of a highly Labour-loyal union, trade union support for Labour is the single-largest deterrent for employees considering union membership". Labour did pick up 1½m more votes in last year's general election

the Conservatives for the unstated purpose of breaking the public sector unions. Whatever Labour's leaders say, that approach is translated by most people into a plan to offer further protected jobs for the unions' boys and girls, and thus more collective spending. Prominent among Labour's perceived masters are some of the public sector unions, the potential beneficiaries of its

It is not good enough. No matter how badly the Tories flounder, the principal opposition party is not modernising itself as extensively or rapidly as it needs to. For Labour and the unions the song is ended, but the melody lingers on. Do you hear it? It is a dirge.

*\*Available from 11 Dartmouth St, London SW1E 9BN*

## Joe Rogaly

**The response of Labour and maybe most unions to this emergency is that of non-swimmers clinging to one another in choppy seas**

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Until the European Commission's DG4 takes effective action at crushing Iberia's abusive monopoly power, we can only hope that Mr Aguiló's successor will introduce customer service on Iberia's agenda.

*Etienne Dancos-Maricq,  
honorary secretary,  
ISE Iberica,  
Institution of Electrical  
Engineers,  
Madrid*

Therefore, if prisons are to be run privately under contract, then one element of the contract should be rewards/penalties - for the contractor -

Why do they keep on doing  
Robert Sutherland Smith,  
8 Widcombe Way.

*The Royal Oak Perpetual Calendar. The ultimate blend of design and technology.*

ONE OF THE GREAT DESIGNS OF THIS CENTURY.  
AND PROBABLY THE NEXT.

For information and catalogue, please write to: Audemars Piguet & Cie S.A., 1348 Le Brassus, Switzerland.  
Tel. 00 41 21 845 49 31 Fax 00 41 21 845 47 14

## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Tuesday September 7 1993

## Building a Eurocompany

SLOWLY, with one step back for every two steps forward, a new generation of truly European companies is taking shape.

Renault/Volvo, announced yesterday, can hope to build on the apparent success achieved by such recent combinations as Asea Brown Boveri, Reed Elsevier and GEC Alsthom. It must try to avoid the problems that beset Carnaud MetalBox and, a couple of decades before, the ill-fated merger between Dunlop and Pirelli.

The way for such ventures has been paved by two longstanding Anglo-Dutch success stories, Unilever and Royal Dutch-Shell; and also by the creation of genuinely pan-European operations by big US companies such as Ford, Exxon and General Motors.

Now Renault/Volvo seeks similar gains, going further than those permitted by the two companies' extensive collaboration agreements and cross-shareholdings.

European mergers must overcome three different barriers. First, they must resolve the practical questions of legal structure and corporate governance that bedevil all cross-border ventures. The absence of a European company statute requires elaborate legal structures that add cost and complexity. At least one now-sundered merger would still be working, in its boss's opinion, if it had been indissolubly glued together under such a statute. The continued existence of two national companies made it too easy to break the venture apart. If an easy exit had not been available, the managers would have worked harder to solve their disagreements.

## Workable structures

Even without a European statute, however, workable structures exist. More important are shareholders' expectations. The most successful cross-border ventures come from countries with similar capital markets and investment horizons. Conversely, the most acrimonious disagreements have arisen between companies based in Britain, on the one hand, and France or Italy, on the other. On this issue, Renault/Volvo is heading off into uncharted waters, not least because the French side is still state-owned.

The second task facing all such ventures is to build in practice the integrated pan-European business

that they seek in theory. Here, American experience offers a cautionary lesson against over-optimism. Though Ford, for example, has had a high degree of integration in its European operations for decades, it is still grappling with the task of creating a single seamless structure to take a car from the drawing board to the production line and on to the showroom. The big oil companies are able to operate as pan-European buyers and refiners of oil; but too often the vagaries of local demand and regulation hamper integration further downstream.

## Subtle barriers

In building their own seamless systems, the new European companies will benefit from the achievements of the single market programme. But just as important as the subtle barriers of regulation, market structure and customer taste are those created by the venture itself. In the early years of a merged company it is hard to avoid a production plan based, crudely, on sharing out the work. Only when bosses and workers no longer think in such terms is the company clearly on its way to success.

"That leads to the managers' third task: creating an organisation that is colour-blind to nationality. Companies have a better chance of making a success of a cross-border merger if they already practice such an approach - as at ABB - or if they have a neutral ring-keeper to speak for the company as a whole. This was the solution Carnaud MetalBox adopted to resolve damaging polarisation between the group's French and British managers.

As they build a truly European company, the managers involved must always be aware of the wider markets in which they operate. The creation of the single European market is merely a symptom of the remorseless pressures of globalisation which no manufacturer can escape.

It is, perhaps, not the best argument for Renault/Volvo's success that its creation coincides with another "voluntary" agreement to restrain Japanese car exports to Europe. Only when its industries are self-confident enough to eschew such damaging "protection" will the European company truly come of age.

## Mr Clinton's tricky agenda

IF ANY one expectation arose from Mr Bill Clinton's election last November it was that, as a Democrat, he could break the legislative "gridlock" by working with the majority in both houses of Congress. Yet his main achievement since taking office has been to scrape together, after months of lobbying, the narrowest of congressional majorities for a distinctly unadventurous budget. Within a few months now the political horizon will be dominated by next year's congressional elections. If the president has not by then firmly established his authority and used it to impose his own agenda he will be in severe danger of becoming the third out of the last four presidents to leave office after only one term.

The US political season opens today with a press conference at which the vice-president, Mr Al Gore, will announce his proposals for "reinvesting government". In European terms this is partly about subsidiarity - letting lower-level civil servants get on with their jobs and take decisions without for ever referring to higher authority. In British terms it also contains a dash of "citizen's charter" - giving taxpayers guarantees of quicker and better service for their bucks. In American terms there is something even more familiar about it: a promise to cut the deficit by eliminating waste.

Such savings have generally proved illusory in the past. Perhaps Mr Gore will do better, but in any case his performance will only be the hors d'oeuvre. The substantial items on Mr Clinton's menu are healthcare and the North American free trade agreement.

## Fragmented consensus

Health is the issue he has made peculiarly his own. He believes the uncontrolled escalation of healthcare costs is the single most urgent problem facing America, a view that is widely shared, not least in the business community. But, as the budget deficit issue shows, it is not enough to achieve consensus on the urgency or importance of a problem in general terms. Consensus quickly fragments when specific groups discover the problem is to be solved at their expense. The chances against Mr Clinton achieving a workable healthcare

package on the first try do not seem promising.

But at least he will try. There is no danger of that issue going by default. It would be agreeable to say the same, with the same confidence, about the issue of free trade, whether in the North American regional context or the broader one of Gatt.

## Deserves credit

Certainly Mr Clinton is on record as favouring both ratification of Nafta and an early conclusion of the Uruguay Round. He deserves much of the credit for the breakthrough achieved in Tokyo in July, and he can hardly be blamed if it is sabotaged by French threats to veto the Blair House agreement on agriculture which the EC negotiated with his predecessor. But while it is primarily for Europeans to deal with that European problem, there are many other items in the round still to be agreed, and they are unlikely to be so by the December deadline without intensive political involvement at the highest level.

Some US businessmen see Nafta as an alternative to the Uruguay Round, even a chance to punish Europe with a taste of its own regional protectionist medicine. That would be a good reason for opposing it, but there is little or nothing in the agreement to justify such an interpretation.

Those who oppose Nafta in the US, from Mr Ross Perot to Mr Ralph Nader and the environmental movement, the trade unions, and an awkwardly large number of Democratic congressmen, do so for other reasons. Mr Clinton has not surrendered to these lobbies, but his handling of them has dismayed the treaty's supporters.

That issue now cries out for real leadership, as do a number of foreign policy issues: not least the Bosnian imbroglio, where Mr Clinton's indecision cannot be excused by, even if it does not in turn excuse, the feebleness of his European allies. At home and abroad, he is now being compared with his last Democratic predecessor, Mr Jimmy Carter. If - as may be safely assumed - Mr Clinton strongly dislikes that comparison, he must realise he has only a short time left in which to prove it wrong.

The intensity of the struggle for survival in the global auto industry is forcing Renault and Volvo to abandon the luxury of their protracted engagement. The marriage knot must now be tied - for better or for worse.

By the time the merger is completed on January 1 1994 to form Europe's second-largest and the world's sixth-biggest auto maker (by production volume), the courtship will already have lasted for nearly four years.

The sensitivities of the two sets of parents, the French state and Volvo's Swedish shareholders, could no longer be allowed to block an outright merger. If the savings of union were not to be frittered away in the cumbersome bureaucracy of Franco-Swedish joint corporate committees, which have increasingly run the alliance in the past three years.

The economic environment in which Renault and Volvo are operating has become harsher since the groups signed a letter of intent in February 1990 to enter a far-reaching partnership cemented with minority cross-shareholdings.

Now there can be no more half measures. Volvo has spent two of the last three years in loss, and while Renault achieved an impressive financial recovery in 1991 and 1992, this year its profits have begun to melt away again in the face of the precipitous decline in the west European markets.

Volvo has struggled back into the black in the first six months of 1993 but only after three years of painful restructuring that has included a cut of nearly a fifth in the workforce of its car operations, the planned closure of two car plants in Sweden and the closure of a truck plant in the US.

For its part, Renault has suffered an 87 per cent year-on-year drop in pre-tax profits in the first six months of this year after being in loss in the final quarter of 1992. In the first half of this year the Volkswagen group, Ford of Europe and Fiat Auto were all in loss, and PSA Peugeot-Citroën, Renault's arch domestic rival, is also forecast to report a loss.

Renault's relative success in the past three years and Volvo's deep problems are reflected in shareholding arrangements agreed yesterday.

What began in 1990 as a 50-50 alliance between would-be equals, has emerged as a 55-35 per cent arrangement in Renault's favour. "The shareholding arrangement of the new group corresponds to the relative worth of each partner as valued today," said Renault. (While all of Renault is included within the merged Renault/Volvo, it must be remembered, the group includes only Volvo's automotive operations.)

The Volvo parent company retains separately its marine and aero engine and food processing businesses and its pharmaceutical interests.)

"If you want to win you must go faster," said Mr Louis Schweitzer, chairman and chief executive of Renault, who will now become chief executive of Renault/Volvo. "The advantage of a complete merger is simplicity and speed. Agreement between two companies does not go as fast as managing a single group. Speed is of the essence, we must go beyond the limits of the co-operation to date."

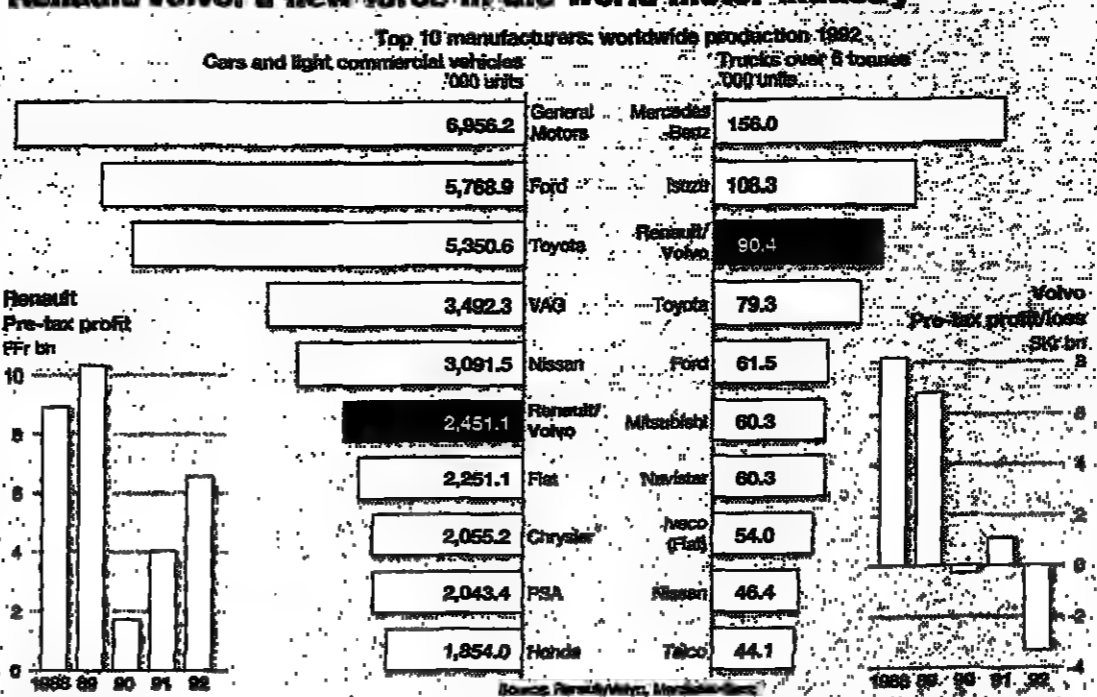
Renault and Volvo claimed yesterday that the merger could generate savings of about FF30bn (£3.4bn) before the year 2000 as costs are shared over a larger volume of production. "The potential savings resulting from a merger are significantly greater than what could be achieved within the present alliance," the companies said.

Adding to the financial and industrial muscle of the new group is the way Renault and Volvo largely complement each other in the car market. Renault, the volume carmaker whose Clio model was Europe's best-selling small car last year, is strongest in southern Europe, but

Kevin Done says the merger of Renault/Volvo must be for better or worse, or neither may survive

## Hard slog to make the marriage work

## Renault/Volvo: a new force in the world motor industry



nesses and its pharmaceutical interests.)

"If you want to win you must go faster," said Mr Louis Schweitzer, chairman and chief executive of Renault, who will now become chief executive of Renault/Volvo. "The advantage of a complete merger is simplicity and speed. Agreement between two companies does not go as fast as managing a single group. Speed is of the essence, we must go beyond the limits of the co-operation to date."

Renault and Volvo claimed yesterday that the merger could generate savings of about FF30bn (£3.4bn) before the year 2000 as costs are shared over a larger volume of production. "The potential savings resulting from a merger are significantly greater than what could be achieved within the present alliance," the companies said.

Adding to the financial and industrial muscle of the new group is the way Renault and Volvo largely complement each other in the car market. Renault, the volume carmaker whose Clio model was Europe's best-selling small car last year, is strongest in southern Europe, but

with a growing presence in Germany and the UK. Renault is the leader in the European light commercial vehicle market, where Volvo is absent.

The Swedish group, primarily a maker of large, executive cars, is more focused on northern Europe, and has held on to a significant presence - by European standards - in the North American car market, where Renault has been absent since it sold its troubled stake in American Motors to Chrysler in 1987.

It is a different story in the heavy commercial vehicle industry, where Volvo and Renault compete directly both in Europe and in North America. Together they will represent the world's third-largest truckmaker (above 6 tonnes gross vehicle weight) behind Mercedes-Benz of Germany and Isuzu of Japan, the second-largest heavy truckmaker (above 15 tonnes) and the second-largest bus and coach maker behind Mercedes-Benz.

Whatever the muscle of the new group, however, the merger will only succeed if one plus one can equal more than two in market

share and less than two in costs. The obstacles in the way of successful rationalisation remain formidable, and the benefits will not be won easily. "Management literature is full of warnings against big mergers," admitted Mr Pehr Gyllenhammar, chairman of Volvo who will also chair the supervisory board of Renault/Volvo Automotive. "There are mergers that have turned sour, but there are many examples of success too. Being aware of the dangers, we can avoid many of the pitfalls."

"A major strength is that we have worked together in the alliance. It is a learning experience that few other corporations have had."

The big economies of scale will only be gained when the merged Renault/Volvo has succeeded in rationalising and integrating the respective car and truck ranges of the two companies. The group will try to ensure that its public face to the customers is little changed. It will fight intensely to keep the Renault and Volvo marques distinct to protect the value of the names. Showrooms and dealer networks will remain apart and the design

and engineering departments will aim to make the products look different.

Under the metal skin of the products and behind the showroom facade all must change radically, however, as Renault/Volvo products seek to use as many common components as possible, to use common suppliers, common product platforms, common logistics, transport and computer systems, common media-buying for advertising and common offices for marketing and distribution.

Changing product generations can take more than a decade to complete. Volvo is at the start of the launch of a heavy truck range, which has taken seven years and an investment of SEK6.5bn to develop. The existing heavy truck range was launched in 1977, and the new one will not be replaced until well into the next decade.

It took the Peugeot group more than a decade to rationalise and integrate its Peugeot and Citroën ranges to the point where today they all have common platforms, engines and gearboxes, while maintaining a separate market identity.

Moreover, in the past three years of alliance, Renault and Volvo have already discovered that it has been more difficult to win synergy gains from the previously rival truck operations than from the more complementary businesses. It is in trucks and buses that the biggest rationalisation gains could probably be found, but it is here that the turf wars are already most fierce.

The existing alliance was ill-suited to end such fighting with its ungainly structure of endless committees from the joint policy general committee (JGPC) to the joint car technical co-ordination committee (JTCC), the joint truck technical co-ordination committee (JTTC) and the Economic Interest Groupings (EIGs) for purchasing and quality.

The unified management will have to move quickly - but with great delicacy - to break this structure and create a common culture.

At least when Peugeot and Citroën were merged there was a common language. Now the common language of the group will be foreign to both, namely English. Some 90 per cent of Renault language training is now being devoted to English "to help improve communications between the two companies". The cultural divide is so thorny that another Renault/Volvo co-ordination effort is already trying to cope with the problem of summer holidays. Volvo closes in July and Renault in August.

As Renault/Volvo Automotive fights to survive in the global auto industry of the next century, the devil will be in the detail as the partners try to make their marriage last.

## Big Three close ranks against the club

Whenever businessmen protest about lack of a "level playing field", consumers should be on their guard. Such complaints turn out all too often to be thinly veiled petitions for special treatment or relief from competitive pressures of producers' own making.

The latest aficionados of football metaphors are J Sainsbury, Tesco and Asda, Britain's three largest supermarket chains, which have ganged up to challenge in the High Court plans by Costco, a leading US operator of cut-price warehouse clubs, to open its first UK outlet.

The supermarkets are crying foul because Costco has been granted local authority planning permission which does not classify it as a retailer. That, they argue, gives the company an unfair advantage over established shopkeepers, which must pay much higher prices for sites earmarked specifically for retailing and are subject to more onerous bureaucratic procedures. All the Big Three say they are asking for is clear rules, fairly

enforced.

Their high moral tone is curiously at odds with their stampee two years ago to open their stores on Sundays, in defiance of an even more confused legal situation. But it also masks a more fundamental inconsistency. For the playing field on which the large supermarkets compete - and which they have helped to shape - is far from level. Increasingly, it has been to their advantage.

The Big Three have often been accused of earning immoderate profits by keeping food prices high, on the grounds that their pre-tax margins are double or more those of continental food retailers. They, in turn, have responded that such comparisons are flawed, and have insisted that they be judged by their return on capital, which is much closer to levels across the Channel.

The problem with this argument is that the amounts of capital they invest are vastly greater - about five times more per square foot of

store area than French supermarkets, according to a recent study by stockbrokers UBS. In a race to open ever more lavish superstores, costing as much as £40m each, the Big Three have in the past five years invested almost £10bn - about 2.5 per cent of total fixed capital forma-

tion by the private sector. Much of this sum reflects freehold property costs, which can account for half or more of the total cost of a superstore. But it is too easy just to blame a shortage of suitable land. The Big Three have also energetically bid up property prices. Their readiness to pay what other retailers regard as exorbitant figures has

increasingly meant they have been the only bidders for prime sites.

In effect, financial muscle has become as important as product range and marketing skills in determining the industry pecking order. Intentionally or not, high property prices have raised barriers to entry and hastened the exit of weaker players. Recent government efforts to discourage further out-of-town retail developments seem likely to discriminate in favour of those already operating by sheltering them from fresh competition.

Always provided, of course, that food superstores remain as big moneyspinners as their owners hope. Their ability to do so depends heavily on continuing to achieve the exceptionally high sales volumes per square foot needed to recoup their capital costs. That in turn means enticing large numbers of affluent and mobile consumers to do more and more of their shopping - for items which have expanded to include toiletries, petrol and

magazines, as well as groceries - under one roof.

Increased UK competition from hard discounters, such as Aldi of Germany, which sell groceries at bargain-basement prices, poses a threat to this formula. On its own, the threat is probably containable while such stores mostly continue to sell a narrow range of goods from dingy high-street premises frequented by poorer consumers. But warehouse clubs, offering a huge array of products, from baked beans to video-recorders, at even lower prices from vast hangars, seem likely to compete for a far bigger share of superstore customers' disposable income.

For the Big Three, that possibility raises the dread prospect that all the capital they have sunk in superstores will not produce a goldmine, but a bottomless pit. While they await the outcome of the High Court deliberations, the rest of us may care to ponder what kind of a regulatory regime encourages grocers to compete so strenuously to enrich land owners, and how much better off we might be if it did not.

## Southern suitor

■ Competition between five US Southern states to get a new Mercedes-Benz plant with a price tag of some \$200m is warming up, but Governor Zell Miller of Georgia may have stolen a march on his rivals by going to Stuttgart today.

Miller would naturally love to have both the plant and the 1,500 jobs that are likely to come with it. But his devotion to the cause has an extra dimension; he has just announced his intention to run for re-election next year. What better way of starting his campaign than by winning a foreign investment plum like Mercedes?

In the past Miller has opposed offering financial incentives to investors in Georgia, unlike the other suitors for Mercedes' hand - North Carolina, South Carolina, Tennessee and Alabama. In 1992 South Carolina persuaded BMW to site a new factory there; incentives such as land, tax-breaks and worker training, worth some \$100m, are thought to have considerably helped its cause.

But Miller may be able to call upon powers other than the purely financial. He is after all very close to president Bill Clinton, and he made a key speech to the Democratic convention which nominated Clinton. Moreover, Mercedes-Benz may

never know when it needs a friend in the White House, particularly in these troubled times for the world's automobile business. Miller should learn later this month whether his powers of persuasion have been successful.

## Like father, like son

■ Will the Foundation for Manufacturing and Industry - a new body which kicks off today with the mission of bolstering the UK's non-service sector - be just another think tank, or will it genuinely help to galvanise the economy?

It has an impressive pedigree, with corporate backers including blue-chip companies such as British Airways, Glaxo and Unilever.

And its governing council is staffed by some of the UK's more eminent business figures, led by Sir Trevor Holdsworth, chairman of National Power and former president of the Confederation of British Industry. Its council includes former FT editor Sir Geoffrey Owen (now director of the LSE's centre for economic performance); Sir Michael Richardson, chairman of Smith New Court; and Douglas McWilliams, the CBI's former chief economist.

McWilliams, 41, this year left the CBI to set up his own think tank, the Centre for Economics and Business. He says that part of his outfit's services to companies

## OBSERVER



is advising how to hire outside consultants for important but non-core activities.

His advice to FMI will no doubt come in useful. It can also be guaranteed a hearing. For his father, Sir Francis McWilliams, will, on retiring from his year as London's Lord Mayor in November, become chairman of the FMI's trustees.

## City Soccer

■ It's not yet the stuff of schoolboy fiction. Francis Lee, former England football star, denies wanting to buy up Manchester City, his old

club, despite tabloid rumours to the contrary.

Lee was gruff yesterday about gossip suggesting he was making an £2m hostile bid, though he did say his substantial investment might be available, if shareholders and supporters were interested.

Lee scored on his debut, in 1960 aged 16, for Bolton Wanderers. Two years later he transferred to City. But despite his soccer talents, he quickly spotted he might need another way of making a living. After asking for a pay rise, the Bolton manager of the day told him he was merely a labourer.

Lee thus started trading in waste paper, quickly realising the big money was in recycling it as toilet tissue. In 1984, he sold out to Hazlewood for £2m. On the Hazlewood main board, he now finds his greatest professional joy in training horses at his highly successful racing stable in Cheshire.

## Accidental tourist

■ Good news for holiday-makers - both royal and non-royal - going to Bali: there is more room to play. Population density has shrunk from 815 to 503 people per square kilometre because the number of square kilometres has increased by 62 per cent to 839,458.

While the economy of Indonesia grew by 6 per cent in 1992, the number of islands in the world's largest archipelago rose by 26 per

cent to 17,508.

But although it is a highly volcanic region and islands can literally come and go, this latest surge is probably the result of satellite photography, which allowed a more accurate count.

But an official of the government's National Development Information Office explains: "Another suspicion is that it depends on the level of the tide. Don't plan to travel to most of them," he adds.

## Belting round

■ As we all know, God - or god, depending on your faith - moves in mysterious ways.

But there is little mystery in the Church of England's latest appointment, that of the Right Reverend John Hind, 48, as the new bishop of Europe.

For Hind appears to have several useful qualifications for the job, including an interest in languages and physical fitness. Currently bishop of Herts, Hind will need plenty of stamina to rove across one of the largest dioceses around.

Canon David Palmer, who runs the European diocese gazette, says Hind's heart will cover "Scandinavia to Casablanca and from Madeira to Ankara", 110 chaplaincies altogether.

Clerics throughout Europe must be hoping Hind does not find much need of his other hobby - he is a Black Belt in judo.

## West gives up hope of Russian economic reform in near future

By John Lloyd and  
Layla Boulton in Moscow

THE MAIN western states have given up hope that economic reform in Russia can be carried through in the near future and are unlikely to offer further assistance this year, according to foreign diplomats and officials in Moscow.

A mission from the International Monetary Fund is due in Moscow later this month to review progress on the reform programme - but is likely to confirm its view, already made known to the Russian leadership, that payment of the next \$1.5bn tranche of its transformation

facility, or any other payments, cannot be made this year.

Besides the \$1.5bn, the World Bank has ceased negotiations on a \$600m rehabilitation loan - designed to support the deterioration of the reform programme. However, a \$610m loan to the oil industry, signed in Moscow a month ago, will go through.

At the same time, the Russian government is convulsed by a debate about economic policy, as proponents of two concepts of reform battle for the approval of Mr Boris Yeltsin, the Russian president. Mr Oleg Lobov, the first deputy prime minister, has privately presented a document

to Mr Yeltsin calling for a greatly loosened macro-economic policy. It argues that the tight policy pursued by Mr Boris Fyodorov, the finance minister, has both forced down production and pushed up inflation.

"Such a course only discredits the policy of reform," he says, urging increased investment in key industries and an end to the system of privatisation by vouchers.

Mr Fyodorov has pushed through a strategy which would restore a 7 per cent cut in VAT, levy new duties on imported goods, put up local sales taxes, cut the indexation of wages and reduce the price the state pays

for grain. These measures are expected to bring in Rb5,000bn-Rb6,000bn - but involve a direct contradiction of decisions taken by parliament.

The west's financiers would find it hard to support a policy which has not been subjected to a parliamentary vote.

While Mr Fyodorov's policy has been approved "in principle" by the government, the line of argument being pushed by Mr Lobov - a close friend of Mr Yeltsin, who outranks Mr Fyodorov in the government - is attracting more support.

Yeltsin's generals fear leading phantom army, Page 2

## Gaullist boost for Chirac as presidential candidate

By David Buchan in Paris

THE UNEASY JOSTLING over who will carry Gaullist colours into France's 1995 presidential election looks set to increase after a weekend rally confirmed Mr Jacques Chirac's strength within the party, as distinct from an electorate increasingly seduced by his prime ministerial protégé, Mr Edouard Balladur.

At a Strasbourg rally of young Gaullists marking the start of the political year, Mr Chirac paid loyal tributes to Mr Balladur, for "governing France well" over the past five months, and pledged "unfailing and unreserved support" to his "friend of 30 years".

But Mr Chirac made clear that he has not presided over the Gaullist RPR party for nearly 20 years just to act as kingmaker for someone else.

Other speakers, particularly those outside the Balladur government, stressed their undimmed desire to see Mr Chirac in the Elysée.

Mr Philippe Séguin, president

Economy on course ...Page 3

Plans to reform pay-TV and cable ...Page 3

of the national assembly, hailed Mr Chirac as the chief architect of the conservatives' success. Only Mr Chirac's "personal charisma" could carry the presidential election, Mr Séguin suggested.

This hardly concurs with last week's Louis Harris poll that some two-thirds of French thought Mr Balladur had a better chance of winning in 1995, and would make a better president than Mr Chirac. But it may move

Mr Chirac towards Mr Séguin and the latter's scepticism about the Maastricht treaty and criticism of the government's financial orthodoxy at the expense of employment - a direction in which the Gaullist party leader would probably like to move anyway.

So far, Mr Balladur, whose standing may well dip if economic recovery is slow, has resisted any temptation from the polls to declare an interest in the Elysée. But if he does so, France's fractious conservatives still have not organised a way of fielding a single presidential candidate. Two years ago, in opposition, the RPR and the centre-right UDF formally promised to do this by means of a US-style presidential primary election. Now, in the comfort of power, they have taken no action to make this a reality.

## Vebsa to increase planned job cuts

By David Walker in Frankfurt

VEBSA, one of Germany's largest industrial groups, is stepping up its already extensive programme of job cuts in response to the crisis in the European chemicals industry.

The Düsseldorf-based group, active in energy, chemicals and transport, said yesterday it planned to cut a further 3,500 jobs by the end of next year, bringing the total to 10,000 - about 10 per cent of the workforce.

Vebsa, which recently reported half-year pre-tax profits down by 12 per cent to DM782m (\$471m), said it had been suffering considerable losses in the plastics, rubber and petrochemicals sector from the second half of last year. It blamed the domestic economy, combined with severe price pressure caused by a flood of cheap imports from east Europe.

There was no option but extensive rationalisation, including job cuts, to reduce the cost base, Vebsa said. Together with other steps, the latest planned job losses would save DM1.2bn a year.

Some 3,000 of the extra job reductions will fall on the Hils subsidiary, which makes polyethylene, polypropylene and PVC, taking the total losses there to 8,000, 20 per cent of the workforce. Another 500 will be shed from Vebsa Cel: the bulk of the cuts will be achieved through early retirement and other voluntary schemes.

The dire state of the German chemicals industry has been underscored recently by last month's appalling results from the big three chemicals concerns.

Profits at BASF fell by 61 per cent in the second quarter of the year and Hoechst reported a 31 per cent drop in first half earnings. Bayer predicted a 20 per cent fall in full year earnings.

## Israeli envoy sees Palestinian state

Continued from Page 1

committee. According to the text, Mr Yasir Arafat, PLO chairman, will say: "I am turning to the residents of the territories to return to a normalisation of lives between both sides."

Mr Hahlovich's comments on the possibility on an independent

Palestinian state, no matter how tentative and exploratory, will further enrage Israel's right-wing. Mr Yitzhak Shamir, the former Likud prime minister, yesterday declared that the Jewish state's "very existence was at stake".

Rightwing settlers in Jerusalem said they would barricade

the office of Mr Yitzhak Rabin, the prime minister, for up to two days starting today. "There may be a severe clash between the police and the demonstrators... with several thousand arrests," said Mr Aharon Domb, secretary-general of the Council of Jewish settlements in the West Bank and Gaza Strip.

## Aid fund proposed for Middle East

Continued from Page 1

have been in a state of war for 45 years.

A team from the French commerce ministry is in Israel this week studying the possibility of a road between Alexandria in Egypt, Israel, Syria and Turkey, which would enable trucks to carry goods overland from the Middle East to Europe.

"Projects that once seemed utopian now seem realistic and increasingly feasible," said Mr Dan Gillerman, chairman of the

Israeli Chamber of Commerce, who has been discussing potential projects with European and US companies and with an array of leading Arab businessmen. Mr Gillerman said he expected total investment in the region from foreign aid and business capital to exceed \$5bn in the first five years of peace.

Assuming the money is available, other projects could include oil or gas pipelines from the Arabian peninsula to the Mediterranean coast; a programme to integrate the electricity grids of

Jordan, Syria, Lebanon, Israel and Egypt, which might save billions of dollars by eliminating waste; and a water desalination plant run on electricity generated by hydro-power from a canal between the Red Sea and Dead Sea.

Mr Alain Juppé, the French foreign minister, said yesterday: "We are going to play a role in leading our EC partners to increase economic and financial aid (to the West Bank and Gaza Strip) because so much is at stake there."

**FT WORLD WEATHER**

**Europe today**  
A strong low pressure area will approach Ireland causing near gale southerly winds in south-western regions. During the morning, a frontal zone will move over the south-western British Isles, Brittany and north-western Spain, bringing showers. High pressure north-east of Scotland will keep conditions dry with sunny intervals around the North Sea. Moderate to strong winds will circulate around low pressure over the northern CIS. A warm front moving through eastern Europe will be accompanied by thunder showers. High pressure over south-eastern Europe will keep the Mediterranean sunny and warm but thunder showers will develop in north-western Spain and southern France.

**Five-day forecast**  
Depressions will move over the British Isles bringing strong winds and showers. Warm breezes from the south-west over northern France and the Low Countries will produce unsettled conditions at first. High pressure will expand over Scandinavia and eventually over the northern CIS bringing more settled conditions. High pressure over the eastern Mediterranean will weaken, allowing thunder showers to develop over Italy and Greece.

**TODAY'S TEMPERATURES**

Location	Min	Max	Weather
Abu Dhabi	24	34	clear
Accra	24	30	clear
Algiers	18	24	clear
Amsterdam	12	18	cloudy
Athens	18	24	clear
B Aires	12	18	clear
Bangkok	24	30	clear
Barcelona	18	24	clear
Beijing	12	18	clear
Bombay	24	30	clear
Buenos Aires	18	24	clear
Burgas	18	24	clear
Cairo	24	30	clear
Cape Town	18	24	clear
Caracas	24	30	clear
Chennai	24	30	clear
Chicago	12	18	cloudy
Cologne	12	18	cloudy
Dallas	12	18	cloudy
Dubai	24	30	clear
Hankow	12	18	cloudy
Hong Kong	24	30	clear
Houston	12	18	cloudy
Istanbul	18	24	clear
Jersey	12	18	cloudy
Karachi	24	30	clear
Kuala Lumpur	24	30	clear
London	12	18	cloudy
Luxembourg	12	18	cloudy
Lyon	12	18	cloudy
Madrid	18	24	clear
Manila	24	30	clear
Medan	24	30	clear
Moscow	12	18	cloudy
Mumbai	24	30	clear
Myanmar	24	30	clear
Nairobi	24	30	clear
Nassau	24	30	clear
Nice	18	24	clear
Norfolk	12	18	cloudy
Osaka	18	24	clear
Paris	12	18	cloudy
Perth	18	24	clear
Prague	12	18	cloudy
Rangoon	24	30	clear
Reykjavik	12	18	cloudy
Rio	24	30	clear
Riyadh	24	30	clear
Rome	18	24	clear
S. Francisco	12	18	cloudy
Singapore	24	30	clear
Stockholm	12	18	cloudy
Sydney	18	24	clear
Taipei	24	30	clear
Tampa	24	30	clear
Tel Aviv	24	30	clear
Tokyo	18	24	clear
Toronto	12	18	cloudy
Tsukuba	18	24	clear
Vancouver	12	18	cloudy
Vladivostok	12	18	cloudy
Warsaw	12	18	cloudy
Washington	18	24	clear
Wellington	12	18	cloudy
Winnipeg	12	18	cloudy
Zurich	12	18	cloudy

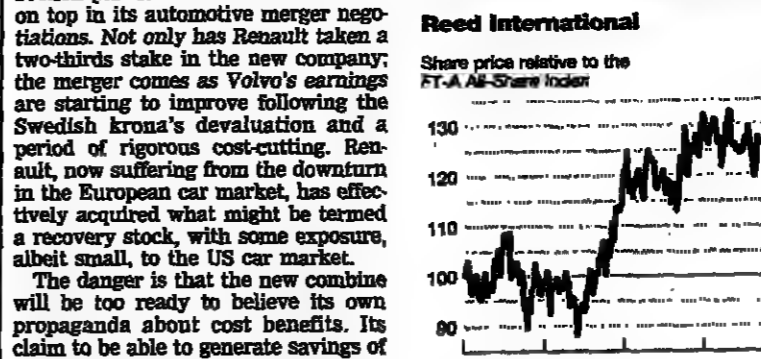
Forecasts by Meteo Consult of the Netherlands

**Frankfurt**  
Your hub in the heart of Europe  
Lufthansa  
German Airlines

## Renault takes the wheel

THE LEX COLUMN

FT-SE Index: 3059.0 (+1.7)



Reed Elsevier/OAG

Reed Elsevier's acquisition of the assets of Official Airline Guides (OAG) has been hailed as a landmark deal. The company's reputation for shrewd, if unspectacular, dealing. The structure of the deal, in particular, which enables Reed Elsevier to take advantage of recent changes in US tax legislation typifies its astuteness.

At first glance, the \$47m outlay, representing an exit multiple of about 15 times stated earnings, seems a full price for a mature business facing stiff competition from airlines' own electronic reservation systems. But Reed Elsevier has scope to cut OAG's back office costs by pooling some operations with its existing ABC World Airways Guide. This should ensure the deal enhances Reed Elsevier's earnings within the first year.

Italy

Italy has lost the initiative since its privatisation plans were unveiled at the end of last year. While government has been mired in corruption and intrigue, privatisation has stalled. Modest trade sales by IRI, the industrial holding company, mark the limit of success. The timetable now envisaged for share offerings in three state-owned banks - Credito Italiano, BCI and IMI - by the year-end, France will begin its own programme by offering shares in BNP. So competition for international funds will be intense.

Since the banks need less by way of restructuring than industrial candidates for privatisation, Italy has little option but to press ahead. The big savings banks will also have to shepherd private investors out of govern-

ment bonds into equities if privatisation is to succeed. Without an established system of private pension schemes, Italy cannot rely on institutional investors alone. Fiscal incentives for equity investment might help the migration of savings, but the process might lack credibility unless the banks are in private hands.

Although the banks should also feel early benefit from any further cuts in interest rates, the outlook is far from cloudless. The collapse of Ferruzzi has raised questions about the credit controls applied by Italian banks. A restructuring agreement for Ferruzzi would reassure that the banks' exposure is now under control. An equitable solution might equally soothe the nerves among international investors about the kind of treatment shareholders in privatised companies might expect.

Liberty

Liberty's argument for not enfranchising its non-voting shareholders looks circular. True, the three-to-one proportion of voting to non-voting shares means that a scrip issue for the voters by way of compensation would lead to a much higher dividend yield. Great Universal Stores did not face that problem because only 3 per cent of its shares carried voting rights. Since the current payout is only just covered by earnings, Liberty has pragmatic reasons for waiting for profits to recover before taking the plunge.

But the longer an earnings recovery is delayed, the more Liberty will need an infusion of new blood. Even allowing that family interests would control the majority of the votes after enfranchisement, pressure from outside shareholders might encourage change.

Mr Patrick Austin, the new chief executive, deserves a fair crack of the whip. If there is no sign of progress next year, though, the case for enfranchisement will be compelling - even if that means cutting the dividend.

Companies which maintain non-voting shares and are making decent profits have no excuse for stalling. For non-voting shareholders, there is always a trade-off between dilution and the benefits of full democracy. When profits are rising, enfranchisement might not seem worth the cost, but the ability to influence management matters most on the downslope. When it moves to modern standards of disclosure next year, Schroders will have an opportunity to overhaul its capital structure too.

## ADVERTISMENT

**NEWS REVIEW**

**BUSINESS**

**Australian team to bid for Royal Australian Air Force P-3C update**

Ferranti Computer Systems (Australia) Pty Limited (FCSA) has been selected to participate in a team bid for the refurbishment of the Royal Australian Air Force's R3C Orion maritime patrol aircraft.

The bid is led by Rockwell Systems Australia Pty and other team members include Australian Defence Industries and the North American Aircraft Modification Division of Rockwell International. An Australian aircraft modification subcontractor will be selected after source selection is finalised.

The P3C Refurbishment Programme will enhance mission system avionics and reduce aircraft weight in order to extend service life into the 21st century. A new Operational Mission Simulator and systems engineering laboratory at RAAF Base Edinburgh in South Australia are also required.

FCSA is responsible for the Operational Mission Simulator which will be bid in conjunction with the Simulation and Training arm of Ferranti International. This arrangement provides access to high fidelity simulation technology developed in the UK for operator and crew training.

Ferranti has long been a supplier of training systems for Australia's armed forces. Former projects include the existing R3C mission support facilities as well as sonobuoys acoustic simulators and mission simulators for Sea Hawk and Sea King ASW helicopters. Ferranti has also supplied submarine and surface ship command team trainers in service at HMAS Watson.

As well as maximising indigenous support for the mission simulator, the P3C Refurbishment Programme will transfer technology enabling Ferranti Computer Systems (Australia) to exploit this capability into other P3 upgrades.

## Computer maps help emergencies

Ferranti International has supplied a PC-based map database system for the Kent Fire Brigade. The system has been installed at the Brigade's headquarters in Maidstone to enhance the facilities of the Ferranti 'Clarion' mobilising system.

In addition to maps the database also contains continually updated information on the disposition of available personnel and resources. In dealing with an emergency the individual operators can now call up a relevant map centred on the incident together with details of resources and overlays highlighting features of special interest.

The map database is compatible with both the Ordnance Survey and local authority Geographical Information Systems. It can also be maintained and updated by the Brigade's own staff using identical material to the maps supplied to the vehicle crews. Different scale maps are incorporated ranging from an outline of the county boundary to standard Ordnance Survey and town street maps, trading estates and factory plans.

The database also accommodates details of warehouses and other commercial or industrial facilities, enabling the operator to advise the crew on the nature of the plant, keyholders and any special safety precautions and procedures concerning the site.

## Ferranti to provide sonar simulation modules for RN....

Simulation modules for the Royal Navy's Thwed Array On-Board Trainers (OBT) are to be developed by Ferranti Simulation and Training under subcontract to sister company Ferranti-Thomson Sonar Systems UK.

OBT equipment extends the availability and scope of operational systems for training either at sea or in harbour, by providing electronically created sonar contacts.

The software modules generate high fidelity acoustic stimulation for the three towed array sonar variants currently in service with the Royal Navy on its ASW frigates, SSN and SSBN submarines. Each will include comprehensive facilities to represent multiple targets, environmental effects and array dynamics.

Designed to be transportable between vessels, the OBT hardware comprises a single interface box which is controlled by a laptop computer. Key elements such as a Ferranti designed digital signal processor card as well as proven acoustic frequency analysis technology are derived from the Company's range of shore-based command team trainers.

## ...and switchboards to USN

Power switchboards supplied by Ferranti Technologies Inc (FTI) of Sumter, South Carolina have been qualified for installation on the US Navy's new MHC-Class Coastal Minehunters.

Only final ship acceptance remains before the first vessel of the class is ready to start her official duties on the high seas. She is the lead ship of a potential seventeen ship class, twelve of which have been ordered between two major US yards. FTI Sumter is under contract to supply the principal power distribution equipment for all twelve.

**FERRANTI INTERNATIONAL**



## INTERNATIONAL COMPANIES AND FINANCE

## Profits warning hits share price at Thorn EMI

By Michael Skapinker, Leisure Industries Correspondent

SHARES in Thorn EMI fell 21p to 98p yesterday after a circular to shareholders warned that profits from security and electronics would be no greater this year than last. It also cautioned that the group's tax rate would increase.

Some analysts complained that the news came in what appeared to be a routine letter to shareholders about the sale of the group's lighting division. They said the announcement should have appeared on stock exchange screens.

In the circular, posted to shareholders on Friday, Sir Colin Southgate, chairman, said it seemed current-year profits from the security and electronics business would be at around last year's level of £1.5m (£2.35m). The music and rentals group announced last month it had failed to sell the defence side of its electronics business to the General Electric Company. Sir Colin said the effect of recent disposals,

including lighting, meant profits earned in the UK would be lower than last year. As a result, the group would incur additional unrelieved advance corporation tax and its overall tax rate would increase.

He said the music and rental divisions had started the year well, and their performance should be in line with expectations. Mr Mark Finnie of NatWest Securities said he had still not received the circular by the close of stock exchange business yesterday. He noted that SG Warburg, the group's brokers, appeared to have received the notice in good time. He said: "It's very unlike Thorn EMI to have done this sort of thing."

Mrs Julia Pennington of Barclays de Zoete Wedd said she had reduced Thorn's expected full-year pre-tax profits after exceptional items to £345m from £370m.

Thorn said yesterday it had lodged the circular with the stock exchange on Friday.

## Hopes for rescue of Geevor mine rise

By Michael Smith and Robert Peston in London

GEEVOR, Britain's oldest UK mining company, is being brought back from the brink of death in a move which provides hope of re-employment for hundreds of miners made redundant by British Coal in its controversial pit closures programme.

Mr Malcolm Edwards, former British Coal commercial director, plans to become chairman of Geevor following a financial restructuring. This will involve a rights issue, the acquisition of a Welsh pit formerly mined by British Coal and the conversion of Geevor's existing debt into equity.

Geevor will also acquire one of Mr Edwards' private businesses, Coal Investments, which has made bids to take over five pits closed by British Coal. The pits are Betws in Wales, Trentham in Staffordshire, Markham Main and Rostington in Yorkshire, and Coventry.

Although there is no prospect of Geevor re-employing anything like the numbers made redundant at the mines last year and this, it may be able to provide work for several hundred of them.

Holders of Geevor's equity and debt have given broad support to the proposals, according to Mr Christopher Stainforth, an executive at merchant bank Guinness Mahon, which is advising Mr Edwards.

Shares in the company have been suspended for 18 months but should resume trading in mid-October. Details of the deal are likely to be announced next week.

Mr Edwards plans to drop the Geevor name and replace it with that of his own business, Coal Investments.

The restructuring involves Geevor buying a small privately-mined coal pit in Gwynedd, Wales. There will also be a rights issue to raise £1.75m, to help develop both Gwynedd and any mines whose licence he acquires.

Following the rights issue Geevor will be capitalised at about £3.5m (£5.3m).

## Locked-up value keeps investors keen

David Waller looks at the long-term prospects for Mannesmann's telecoms business

Half-year results at Mannesmann, one of the largest industrial companies in Germany, were dire even by the standards of the country's struggling engineering sector. The shares, however, have continued to display a remarkable degree of relative stock market strength.

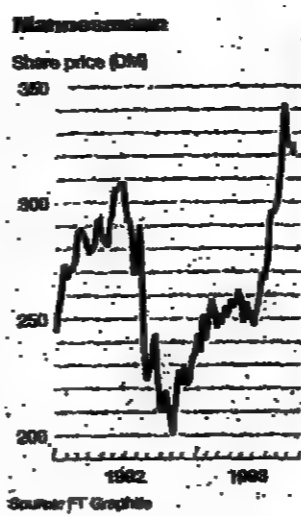
The group made a six-month loss of DM467m (£291.9m) on unchanged sales of DM12.6bn. This compared with a net profit of DM16m in the first half of last year, and was worse than analysts' gloomy expectations.

Since the figures were announced - on August 19 - Mannesmann's shares have dropped from DM333.20 to DM225 last week, a decline of 24 per cent. This compares with a 1 per cent fall in the DAX index of 30 leading German shares over the period.

In fact, Mannesmann shares remain close to the year's high of DM340, which shows the company remains a favourite with investors, especially US institutional investors whose buying has driven the share price up in recent months.

The shares are 36 per cent higher than they were at the beginning of the year. Since the start of June, they have outperformed the DAX by around 16 per cent.

The attractions of Mannesmann for investors are not obvious: like other German engineering groups, it has been hit hard by the worldwide fall



in demand for capital goods, recession in Germany, the impact of a strong D-Mark on its exports, and by the costs of implementing rationalisation measures.

As a result, not a single one of its six operating divisions - spanning a range of engineering activities from steel pipe manufacturing to plant construction and automotive components - made a profit in the first half. And the group suggested there was little room for improvement in its core businesses during the second half of the year.

In part, what is true for Mannesmann holds true for the German market as a whole: investors are willing to ignore the bleak earnings outlook for



Werner Dieter: mobile telecoms move a masterstroke

the current year and look ahead to next year and beyond for economic recovery and a revival in profitability. Engineering companies, the so-called "cyclical stocks" - in theory poised to make the most of recovery in 1994-95 - have been at the centre of investors' buying interests.

In the case of Mannesmann, investors' optimism is pinned less on generalised expectations of recovery, than on specific hopes for the D2 mobile telecommunications network operated by Mannesmann's Mobilfunk subsidiary. Mannesmann has been developing this business since 1989, when it won one of two digital cellular radio licences awarded in Germany.

The move into mobile telecommunications was part of a strategy of reducing the group's dependence on the capital goods sector, and on its traditional pipes activities.

It went hand in hand with a series of acquisitions in the automotive components sector: since 1987-88 the group has spent an estimated DM4bn buying companies such as Fichtel & Sachs and Boge - which both specialise in suspension systems - and VDO, which makes instrumentation panels. Turnover in this area was DM6.5bn.

The strategic sense of making a commitment to the components sector just ahead of a significant downturn in the European car industry is open to doubt. Like all other parts of the group's business, automotive technology is losing making.

By contrast, the move into mobile telecommunications is seen as a masterstroke on the part of chief executive Mr Werner Dieter.

Up until now, Mobilfunk has been a heavy drain on the group's resources. According to Alan Coates, an analyst at Paribas Capital Markets in London, D2 is likely to cost Mannesmann and its minority partners on the project DM3bn before it breaks even at the operational level next year.

The future prospects, however, are deemed to be excitingly bright. Mannesmann is estimated to have around 60 per cent of the German market for wireless communications.

This market has enormous growth prospects, as the so-called "cellular penetration rate" - the number of subscribers as a percentage of the population - is far behind US and UK levels.

In 1992, that rate was 1.1 per cent in Germany compared with 4 per cent in the US, 2.5 per cent in the UK, and 8 per cent in Sweden.

After technical problems led to a year's delay in introducing the D2 network, the number of Mannesmann's subscribers went from zero to 117,000 last year. Last week, the group said there were more than 200,000 subscribers at the half-way stage, better than expectations.

Mannesmann's exposure to the sector is likely to mean a strong and growing contribution to profits from late 1994 onwards.

As it is to underscore the value inherent in Mannesmann's D2 business, AT & T's \$12.4bn acquisition of McCaw Cellular Communications was announced just days before Mannesmann unveiled its disastrous interim figures.

Like Mannesmann Mobilfunk, McCaw is a loss-making company with enormous potential - potential which convinced AT & T to make one of the largest takeovers in US corporate history.

The big US company has concentrated investors' minds on the potential value locked up in Mannesmann Mobilfunk.

## Banks seek to buy Treuhand companies

By David Waller in Frankfurt

A HOLDING company owned by around 300 private-sector German banks is offering DM120m (\$1.6m) to buy five companies in eastern Germany from the Treuhand, the government agency responsible for privatising industry in the new federal states.

The Association of German Banks said yesterday BNL-Beteiligungs-Gesellschaft was making the offer for the companies as part of the banking sector's commitment to invest DM400m in eastern Germany.

The pledge was made under the "solidarity pact" between government, industry and unions, designed to stimulate economic regeneration in the east.

## Mediobanca in rights and scrip issues

MEDIOBANCA, the Italian merchant bank which was a big shareholder in the collapsed Ferruzzi Finanziaria group, yesterday announced lower profits and plans for a rights issue. Reuter reports from Milan.

Net profits for the year ended June were L200.1bn (\$126m), compared with 263.1bn a year earlier. Bad debt provision was L276.3bn, up from L153.1bn. The dividend is being increased by 10 per cent to L200 a share.

The bank is proposing a scrip and rights issue to increase nominal share capital to L476bn from L340bn.

There is to be a one-for-10 scrip issue and a three-for-10 rights offer at L10,000 a share. A total of 102m new shares will be issued in this way.

## French sweets go to US group

By Alice Rawsthorn

A PIECE of French gastronomic tradition yesterday passed into American hands when Warner-Lambert, the US pharmaceutical group, acquired Cachou Lajaunie, maker of the famous cachous sweets the French nibble to freshen their breath after garlicky meals.

The vendor is Pierre Fabre, the cosmetics group which acquired Cachou Lajaunie in 1989 and subsequently pushed the company through a period of rapid expansion. Cachou Lajaunie expects to sell 12m boxes of sweets this year.

Pierre Fabre, best known for its Klorane and Avène cosmetics brands, has pursued aggressive product development for Cachou Lajaunie, notably by introducing a successful line of mint-flavoured cachous. Cachou Lajaunie's turnover has doubled from FF17m in 1989 to an estimated FF75m (\$6.1m) this year.

One of the largest remaining family-controlled companies in the French pharmaceuticals industry, Pierre Fabre expects turnover this year to total FF75bn.

Its disposal of Cachou Lajaunie is part of plans to concentrate on mainstream

cosmetics and pharmaceutical interests. Pierre Fabre is also keen to raise capital to augment research activities.

Warner-Lambert has bought Cachou Lajaunie for an undisclosed sum, through Parke-Davis, its confectionery subsidiary. Parke-Davis employs 1,000 people.

The US group already has significant confectionery interests in France. It acquired Vichy, the French brand of pastilles, in 1989, and bought Clorox chewing gum in 1991.

The takeover of Cachou Lajaunie cements an already close relationship between the two companies.

## Delhaize net falls sharply

By Andrew Hill in Brussels

NET profits at Delhaize "Le Lion", the Belgian retail group, fell more than 70 per cent, to BF1.01bn (\$28.5m) in the first half of 1993, from BF3.43bn in the same period a year ago.

Delhaize also warned its full-year profits would be lower than in 1992, and said it may hold its 1993 dividend at last year's BF20 per share. Group sales rose 8.2 per cent to BF163bn, against BF151bn.

The Belgian stores pushed up sales from BF45.15bn to BF45.29bn. However, recession, falling food prices, and industrial disputes cut profits.

Turnover at the Food Lion chain in the US rose to \$3.41bn from 3.24bn. The supermarket, however, suffered a 48 per cent drop in net profits in the first half, to \$52.6m, as they tried to recover from a wave of bad publicity.

Last month, Food Lion settled a long-running dispute over federal labour laws with the US department of labour. The company granted back pay of \$13.2m to some employees who had worked overtime without pay. It was fined \$2m for failing to ensure adequate safety conditions for employees under 18.

This announcement appears as a matter of record only.

**AEROLINEAS ARGENTINAS**

Aerolineas Argentinas S.A.

**US\$ 175,725,533**

**EXPORT-IMPORT BANK OF THE UNITED STATES  
12 YEAR GUARANTEED FINANCING**

**For the lease of six McDonnell Douglas MD-88  
& one McDonnell Douglas MD-83 Aircraft**

Funds provided by:

**The Chase Manhattan Bank, N.A.**

Arranged by:

**Chase Investment Bank Limited**

July 1993



**CHASE**

**Bankers Trust**  
New York Corporation  
U.S. \$11,500,000  
Fixed Coupon Notes  
due 2002  
Linked to the Yen/US  
Dollar Currency Rate  
and  
U.S. \$11,000,000  
Fixed Coupon Notes  
due 2003  
Linked to the Yen/US  
Dollar Currency Rate  
In accordance with Condition 3 of  
the Terms and Conditions of the  
above mentioned series of Notes  
the interest rate has been deter-  
mined to be Zero percent per  
annum, accordingly the Coupon  
Amount payable on 10th Septem-  
ber, 1993 will be U.S. \$ Zero per  
U.S. \$500,000 Principal Amount.

**COMPAGNIE BANCAIRE**  
\$100,000,000  
Floating Rate Notes due 1995  
In accordance with the provisions of  
the Notes, notice is hereby given  
that the Rate of Interest for  
the three month period ending  
2nd December, 1993 has been fixed  
at 6.0625% per annum. The inter-  
est accruing for each three month  
period will be £151.15 per £10,000  
Bearer Note, and £151.17 per  
£100,000 Bearer Note, on 2nd  
December, 1993 against presenta-  
tion of Coupon No. 5.

**Mistral International**  
Limited  
US\$1,100,000,000  
Variable rate notes due  
2005  
For the interest period 7  
September 1993 to 7 December  
the notes will bear an interest  
rate of 3.75% per annum  
Interest payable on 7 December  
1993 will amount to  
US\$9,510.75 per US\$1,000,000  
note.  
Agent: Morgan Guaranty  
Trust Company  
JPMorgan

This announcement appears as a matter of record only.

**BRAZIL IDU BOND  
CALL WARRANTS**

**ING BANK**

Has issued 400

One year American style

Call warrants

on

**US\$ 100,000,000**

Brazil IDU Bonds

**ING BANK**

**Internationale  
Nederlandsche  
Bank**

July 1993

**Appointments**  
Advertising appears  
every Wednesday and  
Thursday (UK)  
and Friday  
(in the Int'l edition only)

**NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS IN  
BANKIA CORPORATION**  
Each dividend payable to a holder of a dividend receipt of record date March 31, 1993. The  
holder may present the receipt to the bank for payment of the dividend. The bank will pay the  
dividend to the holder in cash or by cheque. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who do not present their receipts to the bank for payment.  
The bank will not be responsible for the payment of dividends to holders of receipts who do not  
present their receipts to the bank for payment. The bank will not be responsible for the payment of  
dividends to holders of receipts who

## THE RENAULT-VOLVO MERGER

## A marriage to respect sensitivities

THE merger agreement between Renault and Volvo bears the hallmarks of a carefully-arranged marriage.

The problem the two groups faced in achieving their merger was to overcome the sensitivities involved in uniting two powerful industrial groups while respecting their relative balance of power.

The solution is a complex division of financial and management structures which give the French government, Renault's principal shareholder, the stronger hand.

At the core of the agreement is the creation of two separate bodies, a holding company, called RVC, and Renault-Volvo Automotive, the linchpin of the organisation, which pools all the automotive interests and financial subsidiaries of both groups. Volvo's non-automotive businesses, such as its marine engines and food interests, will not be part of this company.

Renault-Volvo Automotive will conduct the business operations of the new group. It will be responsible for all strategic and management decisions. RVC will have no management role. Its task, say the companies, is to safeguard the interests of shareholders.

In both of the new bodies, the French will be the dominant partner. The French state will hold 51 per cent of RVC through Renault SA, which is owned 100 per cent by the French government. The French state will also hold directly 46.36 per cent of Renault-Volvo Automotive. AB Volvo will hold 49 per cent of

RVC and 17.85 per cent of Renault-Volvo Automotive. Renault and Volvo described the agreement as balanced. "It is a fact that Renault is twice as big as Volvo and so naturally that is reflected in the equity structure," the companies said in a statement yesterday.

If French interests are dominant in the financial structure they are also stronger at the management level. Mr Louis Schweitzer, the current chairman of Renault, will become chairman of Renault-Volvo Automotive's management board and be in charge of the day-to-day running of the group.

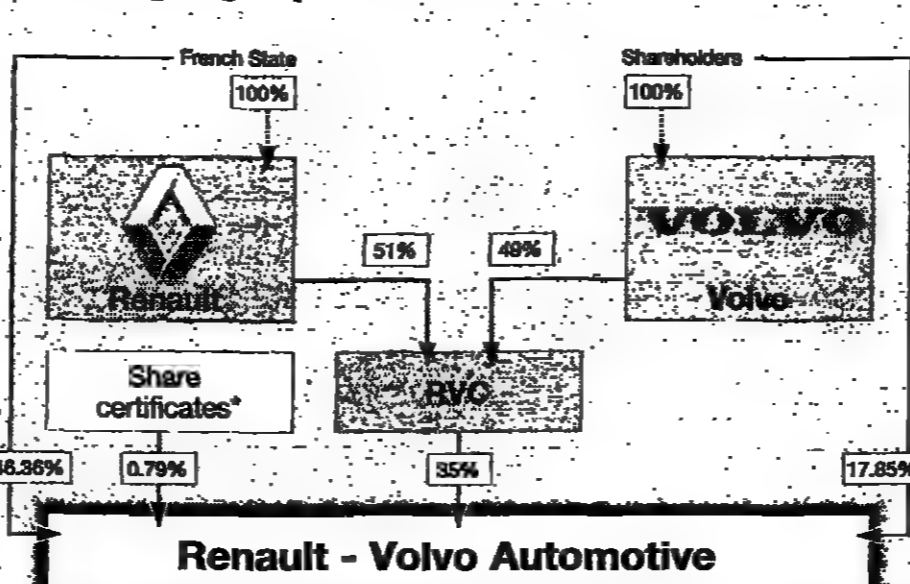
RVC will be governed by a six-member board - three appointed by Renault and three by Volvo. The chairman of the board, who holds the casting vote, will, however, be nominated by Renault SA. Both RVC and Renault-Volvo Automotive will be based in France.

But if Volvo is the junior partner, it remains a powerful one, due to a system of checks and balances within the merger agreement. The most important includes the establishment of a supervisory board.

Such a body, common in German industry, is highly unusual in France. It will appoint Renault-Volvo Automotive's management board and will decide on what the companies describe as "major financial issues".

The chairman of the supervisory board will be proposed by Volvo. Mr Pehr Gyllenhammar, the current Volvo chairman, is

The merged groups' structure



expected to take this post. Beneath him will be an 18-member board, reduced to 14 after the sale of the French government's share in Renault-Volvo Automotive which is expected by 1995.

The 18 members will comprise six representatives from the French state, three representatives from AB Volvo, three members from the international business community chosen for their expertise, and six employee representatives from the Renault-Volvo Automotive group.

Volvo's hand is also strengthened by the terms of the shareholders' agreement which will be valid for 35 years

following the initiation of the merger on January 1 1994. Both Renault and Volvo will be able to terminate the shareholders' agreement at the end of the eighth year of the merger, subject to two years' prior notice.

According to a statement from the joint group, the shareholders' agreement will establish the balance of power between Renault and Volvo in what are described as "vital matters".

On other subjects, submitted to shareholders, the statement says, a simple majority will be sufficient.

In practice, this appears to

give Volvo a veto power over important issues such as the raising of capital and investments in new products and facilities.

"It is an important means of limiting Renault's power," said one Paris-based automobile industry analyst. "It gives some reassurance to Volvo's shareholders."

Such reassurance, which runs through the terms of the agreement, will determine whether the merger runs smoothly.

Both Renault and Volvo will hope it prevents outbursts of marital strife.

John Ridding

## Gyllenhammar set to play the role of a champion

FOR Mr Pehr Gyllenhammar, who has led Volvo for 22 years, yesterday's merger with Renault was something of a paradox.

On one side, the deal is the consummation of an alliance that reflects Mr Gyllenhammar's long-cultivated role of industrial statesman and vociferous advocate of Sweden's need to move closer to the rest of Europe. Already decorated with the Legion d'Honneur and a fluent French speaker, he will revel in his position as the figurehead of a European automotive giant.

But there is also the less glorious side: for the merger amounts to an admission by a man committed to preserving Sweden's industrial strength that Volvo, the country's best known manufacturing company, can no longer compete on its own. Words he penned in 1986, when Volvo was in its heyday, now look painfully outdated.

"My hope is that Volvo will remain a strong enterprise - that it will never have to seek help from outside. It is the most important thing," he wrote in a book about the company.

PG, as he is universally known in Sweden, will doubtless shrug off such awkward echoes from the past. Since he

took over from his father-in-law, Mr Gunnar Engellau, as Volvo managing director in 1971 at the age of 38, he has rarely been out of the public eye in Sweden, evoking both admiration and irritation among his outspoken and ambitious shareholders of the group.

A former chief of the insurance company Skandia, Mr Gyllenhammar has presided over two decades of growth at Volvo in which its cars have achieved an international reputation for safety and utility - and lately even performance. But his restless search for new horizons has over the years also led Volvo in strange directions.

In the late 1970s, successive attempts to merge with Saab-Scania, Volvo's great domestic rival owned by the Wallenberg family, to sell a 40 per cent shareholding in the group to the Norwegian government in return for North Sea oil rights and to persuade the Swedish government to invest SKR1bn in the company flared and then died.

A decade later, Volvo was riding high as one of the world's most profitable car-makers. Mr Gyllenhammar, who in 1980 moved from the

position of chief executive to the role of executive chairman, won plaudits for his pioneering of new "humane" production techniques that sought to replace the traditional assembly line with team-based assembly systems.

Recession in the 1990s, however, exposed how far Volvo had slipped in international competitiveness and the new plants were closed, with thousands of Swedish workers laid off as losses mounted.

Mr Gyllenhammar's advocacy of international partnerships as the way forward for Swedish companies was vindicated, but in Volvo's case with more of a defensive character than he surely originally intended.

Now, the automotive heart of Volvo will take its place as a junior partner in the new company, with "PG" no doubt playing a high-profile role as a champion of the Swedish contribution to the alliance. But many in Sweden believe the deal will also prestage the effective departure from the Swedish industrial scene of one of its most remarkable sons. "This will be his crowning glory - and then he will abdicate," predicted one businessman who knows him well.

H.C.



Pehr Gyllenhammar (left) and Louis Schweitzer at Renault's headquarters near Paris yesterday

## Schweitzer faces a bumpy ride on difficult journey

MR Louis Schweitzer, who will be in charge of the merged industrial operations of Renault and Volvo, has enjoyed a smooth rise through the elite of the French public administration to the top of French industry.

But he now faces his most difficult task, as he oversees the sensitive task of merging two independent and politically sensitive companies and steers a course towards privatisation.

The merger with Volvo was not Mr Schweitzer's idea. He inherited the alliance, which began in 1980, from Mr Raymond Levy, who stepped down in May 1992. But since taking the reins Mr Schweitzer has energetically pursued the consummation of relations between the two groups.

"Co-operation between Renault and Volvo has been perfect," he said, "but we have to be highly sensitive to competition, so speed is necessary for success."

The same might be said about his personal career. A student of the Ecole Nationale d'Administration, the training ground for the elite of the French government service, he worked his way quickly up the economic administration, cul-

minating in 1986 with his appointment as adviser to Mr Laurent Fabius, the former socialist prime minister.

From there, he joined Renault, where he was named head of the planning department in 1987. In 1990, at the age of 48, he was appointed managing director of the car group, making him heir to the Renault throne.

The final jump to the top appeared threatened for a while by resistance from Mrs Edith Cresson, then socialist prime minister, who opposed the link with Volvo because of its weak financial position. But support from Mr Pehr Gyllenhammar, the head of Volvo, helped secure Mr Schweitzer's appointment as chairman of the French car group.

The two chairmen say there is a close rapport between them. "He has an excellent analytical mind," said Mr Gyllenhammar of his counterpart yesterday. "I know we are going to work well together."

Mr Schweitzer, for his part, praised the visionary capacity of his counterpart. Such warm ties are going to be essential in the delicate task of combining their operations. Apart from avoiding strains with Renault's new partner, Mr Schweitzer's most difficult task

will be to steer the new group through the depressed European car market. His record so far includes encouraging signs. The recovery in Renault's fortunes has coincided with Mr Schweitzer's stint at the company. Since he joined in 1989, Renault has reversed a period of heavy losses which saw six consecutive years of deficits until 1987 and net losses as high as FF12.6bn in 1984. Last year, by contrast, profits reached FF5.5bn (\$940m).

Much of this progress was due to Mr Levy's legacy. But French industry officials say that Mr Schweitzer also played an important role in improving quality and efficiency and in introducing innovative new products such as the Twingo small car which was launched last year and has sold strongly.

Since he took over as chairman, however, times have become harder. First-half profits, announced last month, fell by almost 90 per cent compared with the same period in 1992. Resisting the downturn, and forging the two parts of the new group into a greater whole, will be the test of Mr Schweitzer's success.

J.R.

## Sweden offers the deal a cautious welcome

EXPRESSEN, one of Sweden's robust tabloid newspapers, was furious yesterday over what it described as the sell-out to France of the country's biggest manufacturer. "Gyllenhammar's treachery against Sweden," blared its headline in reference to the Volvo chairman.

But if the newspaper expressed a populist view, it was not one shared by the political and industrial establishment. Mr Carl Bildt, the prime minister, welcomed the merger of Volvo's automotive operations with Renault as securing a future for motor manufacturing in Sweden; so, too, did the opposition Social Democratic Party. Even a senior trade unionist in Volvo said its competitiveness would be strengthened by the deal.

"Regrettable but inevitable," a comment from a Stockholm investment banker, summed

up the reaction of most professional Swedes to the long-awaited completion of the merger. The low-key response underlined how much attitudes have changed since 1990 when Mr Gyllenhammar said any move under foreign ownership by Volvo would cause Sweden "to suffer an identity crisis".

A jolting, three-year recession is what has made the difference. In the late 1980s, when Volvo and other top Swedish companies were enjoying a boom, talk of industry becoming more international was framed mainly in the context of Swedish acquisitions abroad.

The merger in 1988 between Asea, the Swedish engineering group, and Brown Boveri of Switzerland, to create the giant, Swiss-based ABB gave some pause. But with Mr Percy Barnevik of Asea in charge, it was seen in Sweden as a deal between equals.

Today, with unemployment

at 13 per cent and rising, there is widespread recognition that Sweden had become dangerously uncompetitive - a trend only partly offset by the 25 per cent devaluation of the Swedish krona this year. The acceptance of Volvo becoming a junior partner to Renault was not hard to achieve.

"Ten years ago there would have been turmoil from the unions," said a senior government official. "But not these days."

Instead, analysts in Stockholm regarded the ownership split, which leaves the Swedish side with 35 per cent of the new Renault-Volvo Automotive company, as a good deal for Volvo.

Volvo could probably have soldiered on for some time, having returned to profit in the first half of this year. It may be due to big improvements in productivity.

But a significant part of the reason it is making money again is that it has new car and truck models in place and is not currently incurring the huge development costs new models require. Volvo knew it almost certainly could not have borne on its own the next round of product development.

It is not alone in Sweden in this. Within the stable of the Wallenberg family, the country's premier industrial owners, raising sufficient investment capital is a pre-eminent concern. Half of Saab, Volvo's great local carmaker, was sold to General Motors by the Wallenbergs to help spread the cost of new car development.

The residual question about Volvo yesterday was over the future shape of the parent group. The aircraft and marine motor divisions were not part of the merger with Renault. Nor were Volvo's other holdings, principally in Procordia,

a part state-owned pharmaceuticals and food group.

Under a deal with the Swedish government this year, Volvo will have by next year up to a 35 per cent stake in Pharmacia, Procordia's pharmaceutical unit, and 100 per cent of its Branded Consumer Products arm, which includes beer and food products.

Mr Gyllenhammar's evident intention is that the new Volvo umbrella group will become a holding company with stakes in the motor industry through Renault-Volvo Automotive, pharmaceuticals, food and other engineering interests - ironically not unlike investor, the main Wallenberg vehicle.

It is a far cry from the 1930s when Volvo was founded to make cars by Gustaf Larson and Assar Gabrielsson, two executives from SKF, the Swedish bearing company.

Hugh Carnegie

## Last stop in plan for privatisation

FOR the French government, the merger between Renault and Volvo is the last stop on the road to privatising one of the most important symbols of state-owned industry.

In May, Renault was placed on the list of the 21 state-owned companies targeted for sale as part of the government's ambitious privatisation programme which gets under way this autumn with the sale of Banque Nationale de Paris.

Mr Gérard Longuet, the French industry minister, said yesterday that he hoped Renault's privatisation could take place from the second half of 1994, depending on market conditions and the performance of the merger.

The government's desire to see Renault in the private sector reflects both pragmatic and strategic considerations. The strength of the company and its familiarity with French and international investors makes it a relatively attractive candidate for privatisation.

Industry analysts estimate that a sale of the government's entire stake could raise about FF40bn (\$6.57bn), a substantial asset in the government's plans to curb its budget deficit, targeted at FF317bn this year and FF380bn next year.

Plans to privatise Renault also reflect a conviction in Mr Balladur's government that the competitiveness of French industry requires reduced state intervention and a greater role for market forces.

Privatisation will, however, be a delicate task. In particular, the government is determined to maintain French control of the merged car group after the sale of its shares.

French control is important for political reasons. "Renault's history means the merger and privatisation are a very sensitive political issue," says a government official. "It will require careful handling."

Such careful handling is evident throughout the terms of

yesterday's deal which includes a series of measures to maintain French control after privatisation and to protect the company from predators.

At the core of this structure is the creation of two companies - a holding company (RVC), and a company which pools the automotive interests of Renault and Volvo (Renault-Volvo Automotive). The holding company has 35 per cent of Renault-Volvo Automotive.

Initially, the French government will hold 51 per cent of RVC and 46.4 per cent of Renault-Volvo Automotive, giving it effective control of the group at both levels. But with privatisation, which is expected to involve the sale of the state's direct 46.4 per cent stake in Renault-Volvo Automotive, the dominance of French investors is obviously threatened.

Once privatised, the whole shareholding structure changes, but French control may not. Under the agreement with Volvo, the French state reserves the right to retain a "golden share" in Renault-Volvo Automotive when the group is privatised. This device will require French approval for any increase or participation in the share capital of Renault-Volvo Automotive, up to a certain, unspecified, level.

In addition, the government will seek to assemble a core of long-term stable French investors in Renault SA, the majority shareholder in RVC which holds 35 per cent of Renault-Volvo Automotive. The government itself could be one of these shareholders.

The rest of this core is likely to comprise state-owned banks and insurance companies. But it could also involve industrial companies.

One such group is Matra-Hachette, the French defence electronics and media company. Its cars division co-produces the Espace luxury van with Renault.

J.R.

## Internationale Nederlanden Group

## First six months 1993

The results of Internationale Nederlanden Group for the first six months of 1993 show a satisfactory increase. Compared with the first six months of 1992 net profit rose by 8.9% from NLG 824 million to NLG 897 million. Profit per share went up by 5.8% to NLG 3.62. Total assets increased by 4.7% to NLG 338.8 billion and the Group capital base rose by 18.0% to NLG 19.7 billion.

The results have been determined in accordance with the new accounting principles which are being applied by ING Group as of 1993.

The figures for the first six months of 1992 have been adjusted to the new accounting principles to allow a proper comparison.

The Executive Board expects that the profit per share for the whole of 1993 will at least equal the figure for 1992.

Amounts in Dutch guilders	Six months 1993	Six months 1992	% Change
(in millions)			
Result before taxation	1,229	1,126	+9.1
Net profit	897	824	+8.9
(in guilders)			
Net profit per share	3.62	3.42	+5.8
Interim dividend	1.60	1.55	+3.2
	June 30 1993	December 31 1992	
(in billions)			
Total assets	338.8	323.7	+4.7
Investments	129.7	128.7	+0.8
Bank lending	146.3	139.3	+5.0
Group capital base	19.7	16.7	+18.0

**ING GROUP**

The report for the first six months of 1993 can be obtained at the following address:  
Internationale Nederlanden Group, P.O. Box 810, 1000 AV Amsterdam, The Netherlands.  
Tel.: (+31) 20 541 54 60, fax: (+31) 20 541 54 51.

## NOTICE OF REDEMPTION

## SRF MORTGAGE NOTES 1 PLC

Class A Mortgage Backed Floating Rate Notes  
Due March 2021

NOTICE IS HEREBY GIVEN to the holders of the Class A Mortgage Backed Floating Rate Notes Due March 2021 (the "Class A Notes") of SRF Mortgage Notes 1 PLC (the "Issuer") that, pursuant to the Trust Deed dated 20th March, 1989 (the "Trust Deed"), between the Issuer and the Law Hibernia Trust Corporation Ltd., as Trustee, and the Agency Agreement dated 20th March, 1989 (the "Agency Agreement"), between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that, in accordance with the Redemption provisions set out in the Terms and Conditions of the Class A Notes, Available Funds as defined in the Terms and Conditions in the amount of £6,700,000 will be utilised on 22nd September 1993 (the "Redemption Date") to redeem a like amount of Class A Notes. The Class A Notes selected by drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued interest thereon are as follows:

## OUTSTANDING CLASS A NOTES OF £100,000 EACH BEARING THE DISTINCTIVE SERIAL NUMBERS SET OUT BELOW

Bearer Notes															
14	74	78	168	179	193	210	239	286	301	303	320				
342	366	384	407	408	418	430	435	477	482	504	519				
524	526	573	617	623	645	670	677	706	716	750	753				
756	797	829	838	841	846	855	864	864	868	872	913				
939	951	954	955	1256	1259	1281	1315	1334	1346	1352	1353				
1357	1363	1372	1458	1462	1494	1500									

The Class A Notes may be surrendered for redemption at the specified office of any of the Paying Agents, which are as follows:

Morgan Guaranty Trust Company of New York 60 Victoria Embankment London EC4Y 0JP	Morgan Guaranty Trust Company of New York Avenue des Arts 35 B-1040 Brussels	Banque Paribas (Luxembourg) S.A. 100 Boulevard Royal L-2093 Luxembourg
---	---	---

In respect of Bearer Class A Notes, the Redemption Price will be paid upon presentation and surrender of such Notes together with all unattached Coupons appertaining thereto, on or within a period of ten years and five years respectively, after the Redemption Date. Such payment will be made (i) in sterling at the specified office of the Paying Agent in London or (ii) at any specified office of any Paying Agent listed above by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payee with, a Town Clearing branch of a bank in London. On or after the Redemption Date interest shall cease to accrue on the Class A Notes which are the subject of this Notice of Redemption.

## SRF MORTGAGE NOTES 1 PLC

By: Morgan Guaranty Trust Company

as Principal Paying Agent

Dated: 7th September, 1993

## INTERNATIONAL COMPANIES AND FINANCE

## Forestry interests help North Broken Hill Peko to 57% gain

By Nikkai Tait in Sydney

HIGHER profits from its forestry interests, lower interest charges, and asset sales helped North Broken Hill Peko, the Australian resources group, to a 57 per cent increase in profits after tax for the year to end-June.

The Melbourne-based company reported a surplus of A\$132.4m (US\$89.2m) after tax, against A\$84.2m in the previous year. Total sales slipped to A\$1.51bn, from A\$1.54bn. Earnings per share rose to 21 cents from 13.8 cents.

At the trading level, the com-

pany said profits rose to A\$265.1m from A\$265.1m. This reflected higher results from forestry and paper - up to A\$43.5m from A\$24.7m - and from the Warman International business, which contributed A\$30.5m against A\$20.8m. But the mining and exploration side saw operating profits dip to A\$125.7m from A\$140.9m.

North Broken Hill said the tumble on the mining side reflected price and volume falls at the Robe River Iron Ore project in which it holds a 52 per cent interest. By contrast, the forestry business gained

from reduced costs and expansion into exports of softwood chips and pine logs.

Interest charges fell to A\$44.8m from A\$66.9m. North's figures included abnormal charges of A\$18m, reflecting restructuring in the forestry division, but these were more than offset by abnormal gains, of A\$25m, largely due to asset sales.

Mr Campbell Anderson, chief executive of Australia's Renison Goldfields Consolidated, is to resign and join North Broken Hill Peko as chief executive and managing director, AP-DJ reports.

## HK paper waits for sale details

HONG KONG'S stock market regulators blocked resumption in trading of South China Morning Post shares until the company clarifies the state of negotiations for the sale of News Corporation's 50 per cent stake, writes Simon Davies in Hong Kong.

SCMP's company secretary, Daniel Doo, said: "In light of the rumours that have appeared since the suspension of trading, it is considered appropriate to continue the suspension until a definitive statement can be made."

It is expected that the sale of the stake to a consortium led by Robert Kuok will be announced this week.

## Australian Woolworths beats prospectus target

By Nikkai Tait

TWO months after its A\$2.45bn flotation on the Australian stock market, Woolworths, the Australian retailer, has posted better-than-forecast profits of A\$171.2m (US\$114.1m) after tax for the year to June 27.

The net profits figure comfortably beats the A\$166.3m which the retailer predicted in its share sale prospectus.

Yesterday, Mr Paul Simons, chairman, also indicated that the group was "on target" to meet its 1994 sales and profits forecasts: in the same prospectus, Woolworths estimated that

it would see sales of about A\$1.1bn in the 1993-94 financial year, and after-tax profits of A\$288.5m.

Woolworths' profits were scored on sales up by 14.22 per cent to A\$10.5bn, with operating profit rising by a similar percentage to A\$282.2m. Net profits in the previous year had stood at A\$283.2m. Earnings per share were 17.10 cents compared with 8.56 cents previously.

The retailer plans to open around 14 new supermarkets in the current year, and plans a capital expenditure budget of approximately A\$200m.

## BHP mines a different seam with Fosters

Broken Hill found a new direction in a hostile bid, writes Kenneth Gooding

BROKEN HILL Proprietary, a unique blend of businesses that add up to Australia's biggest company, boasts it is doing better than most of the world's "pure" oil, mining or steel groups. But can it repeat the trick with beer?

There is no reason why not, says Mr John Prescott, chairman and chief executive. BHP has been tightening its grip on Fosters, the world's fourth-largest brewing group, after paying A\$1.6bn (US\$1.06bn) last year for 37 per cent stake and putting four people on the board.

BHP's connection with Fosters arose from the complex defence BHP mounted in 1988 when the late Mr Robert Holmes à Court, the Australian corporate raider, made a determined run at BHP. Eventually freed from Mr Holmes à Court's clutches, BHP was left with an indirect holding in Fosters. BHP then took a direct stake in the brewer to protect its investment.

Mr Prescott says this has stabilised Fosters' balance sheet and its board. Fosters has been encouraged to sell non-core assets.

"Clearly our aim is to build up the value of the Fosters investment to its book value."

"But why stop there? If we have been successful with building Fosters' fortunes from where they were last year to a stage where we have put the value of the investment above its book value, why should we quit?"

Mr Prescott says Fosters has been very good at marketing its products. But BHP can help it develop other management skills, divisionalise and devolve management responsibility like BHP, and achieve international ambitions.

How does BHP, one of the world's top five mining companies measured by profitability, one of the top ten oil companies and one of the very few profitable steel producers, rationalise this move towards becoming a conglomerate?

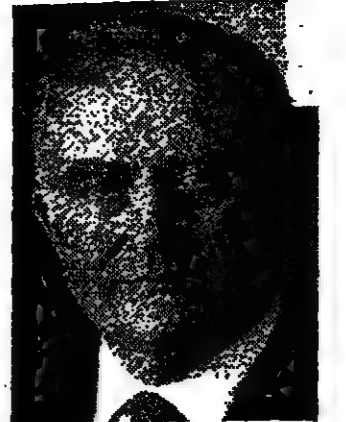
Mr Prescott explains: "We don't intend to become a conglomerate but we do intend to take a broad view of our skills base and where that skills base might lead us."

BHP has been upgrading the planning function in all its divisions and looking ahead to the year 2010. Mr Prescott says that by then the group will not simply be a larger version of BHP.

"We need to do more than grow our existing businesses; we need to get our profitability on to a higher plane."

This talk about profit and returns is quite unlike the BHP of old. Some analysts suggest it needed someone like Mr Holmes à Court to ginger up BHP, which owned some of the richest chunks of Australia and seemed able to turn a profit in its sleep.

But in the mid-1980s, before Mr Holmes à Court appeared on the scene, BHP had already begun to "go international". The process started with the 1984 acquisition of Utah Minerals International, bringing with it North American coal and copper interests. Then BHP began mining copper and gold at Ok Tedi in Papua New Guinea, and at the beginning of the 1990s brought Escondido,



John Prescott: finding new platforms for growth

one of the world's best copper mines, into production in Chile.

All this brought a big change in outlook. BHP today is prepared to go to the best oil fields and mines in the world rather than wait for them to be found in Australia. Mr Prescott points out that, while two thirds of the group's business originates in Australia, only 20 per cent is paid for in Australian dollars.

"BHP is not a proxy for investment in Australia," he says.

Last year BHP's pre-tax profit totalled A\$1.59bn. The minerals (mining) division made a A\$738.2m profit (up from A\$653.5m); the petroleum division made A\$509.5m (A\$381m) and the steel division A\$323.2m (A\$189.5m).

Spending, boosted by the purchase of Fosters' shares, reached A\$4bn. BHP has A\$5bn of approved projects to take it into the next century and another A\$3bn in the advanced planning stage.

Everything BHP does has to be low-cost, "at the bottom of the cost curve".

Any asset that is non-performing, in terms of return on capital and cash generation and growth potential, will be considered a non-core asset.

"We have quit some things that people thought were fundamental to us because they failed to meet these criteria," he says.

BHP assumes that there will be very limited economic growth in the OECD countries, that economic cycles will continue and that the demand for the minerals it currently produces will grow more slowly than world economic growth. "When you have billions of tonnes of iron ore and coal in reserves and hundreds of millions of tonnes of copper, you ask yourself wouldn't it be more profitable creating a market for all that rather than exploring for more?"

He says BHP must "find new platforms for growth. We must find new things to do. We might have to move outside the types of opportunities we have hitherto engaged in to reach the growth we look for."

In 1994 BHP doubled in size with the acquisition of Uthmaniyah. Could it do the same again, particularly as many assets are going cheap at this phase of the recession? Mr Prescott says BHP could tackle an acquisition of any size. "The balance sheet is strong enough to tackle anything we might contemplate."

## Record diamond output lifts Normandy Poseidon

NORMANDY Poseidon, the Adelaide-based diversified mining house, yesterday reported an after-tax profit of A\$48.4m (US\$32.2m) for the year to end-June. This compared with A\$33.6m in the previous 12 months, writes Nikkai Tait.

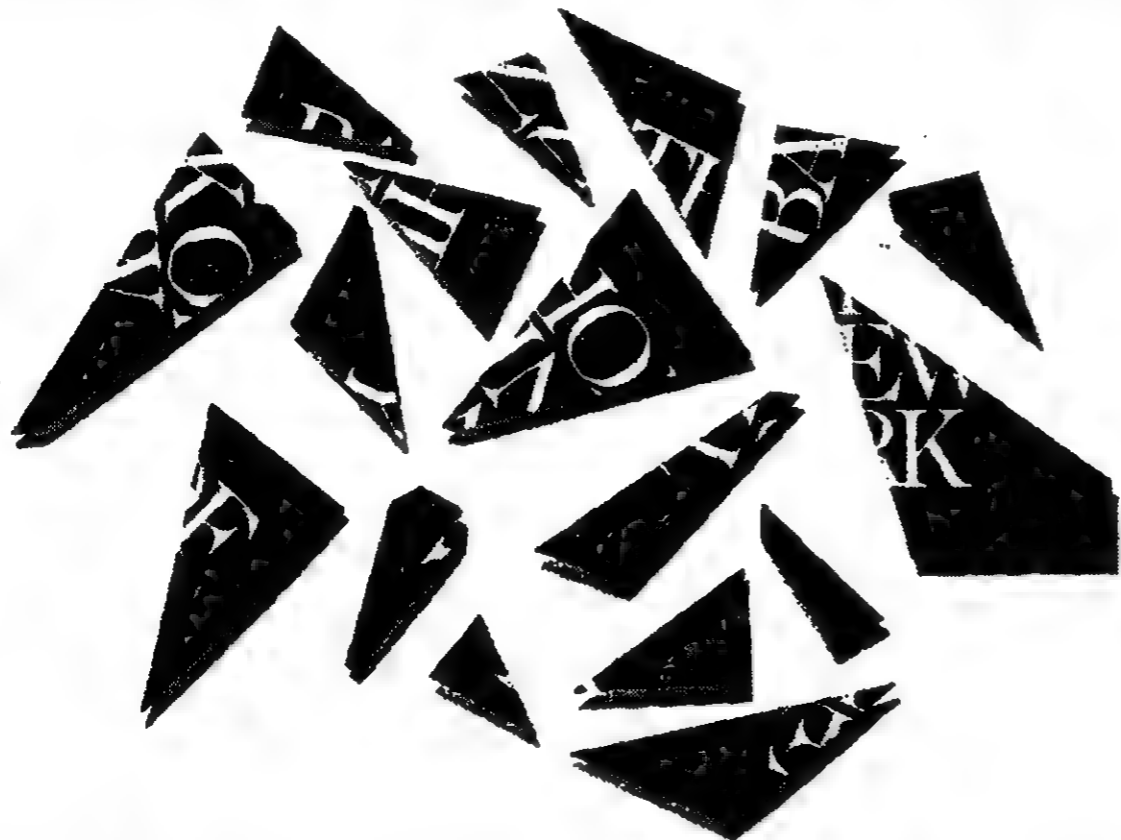
In addition, the company benefited from an abnormal gain of A\$9.8m, related to various asset sales. This brought total after-tax profits to A\$58.2m. Total operating revenue stood at A\$1.14bn (A\$876.5m). Earnings per

share, before abnormal items, stood at 10.4 cents, up 83 per cent on the year.

The company said turnover and profits in the industrial minerals division continued to improve, and diamond production reached record levels, at 1.16m carats.

The Poseidon Gold unit - in which Normandy Poseidon holds a majority interest - reported an after-tax profit of A\$71.4m, against A\$49.1m in 1991-2. The average gold price realised was \$585 per ounce.

# SOME PEOPLE ARE PUZZLED ABOUT WHICH U.S. BANK OFFERS THE WIDEST RANGE OF SECURITIES PROCESSING SERVICES.



## THIS SHOULD STRAIGHTEN THINGS OUT.

The Bank of New York offers issuers and investors a more complete range of securities processing services than any other bank. Thanks to our proven commitment to these businesses and innovative technological solutions, there's virtually no need we can't fulfill.

The fact is, we are the world's #1 Depositary Receipt bank, administering over one-half of the world's sponsored ADR and GDR programs.

We're also the world's #1 Government Securities Clearing bank. As such, we clear over \$400 billion each day—that's more than 40% of all clearing.

What's more, The Bank of New York is a world leader in Custody, safekeeping more than \$1 trillion in assets. We are also a

leader in Securities Lending, offering the most complete range of securities lending services.

We are also Corporate Trustee for over half of the nation's 50 largest companies. And as Stock Transfer agent, we serve over 6 million shareholders around the world.

To talk with someone at The Bank of New York about our broad range of securities processing services, please call Joseph Velli in New York at (212) 815-2009, Christopher Sturdy in London at (71) 322-6318, T. Nagasaka or K. Hara in Tokyo at (81-3) 3595-1137, or Gary Peck in Hong Kong at (852) 840-9806.



WORLD LEADER IN PROCESSING AND OPERATING SERVICES.

Member of the Securities and Futures Authority. © 1993 The Bank of New York. An Equal Opportunity Lender.

U.S. \$125,000,000

**GREAT LAKES FEDERAL MINING**

Collateralized Floating Rate Notes  
Series A due December 1997

In accordance with the provisions of the Notes, notice is hereby given that for the three months interest period from September 8, 1993 to December 8, 1993 the Notes will carry an Interest Rate of 3.5625% per annum. The interest payable on the relevant payment date, December 8, 1993 will be U.S. \$900.52 per U.S. \$100,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A.  
London, Agent Bank

September 7, 1993

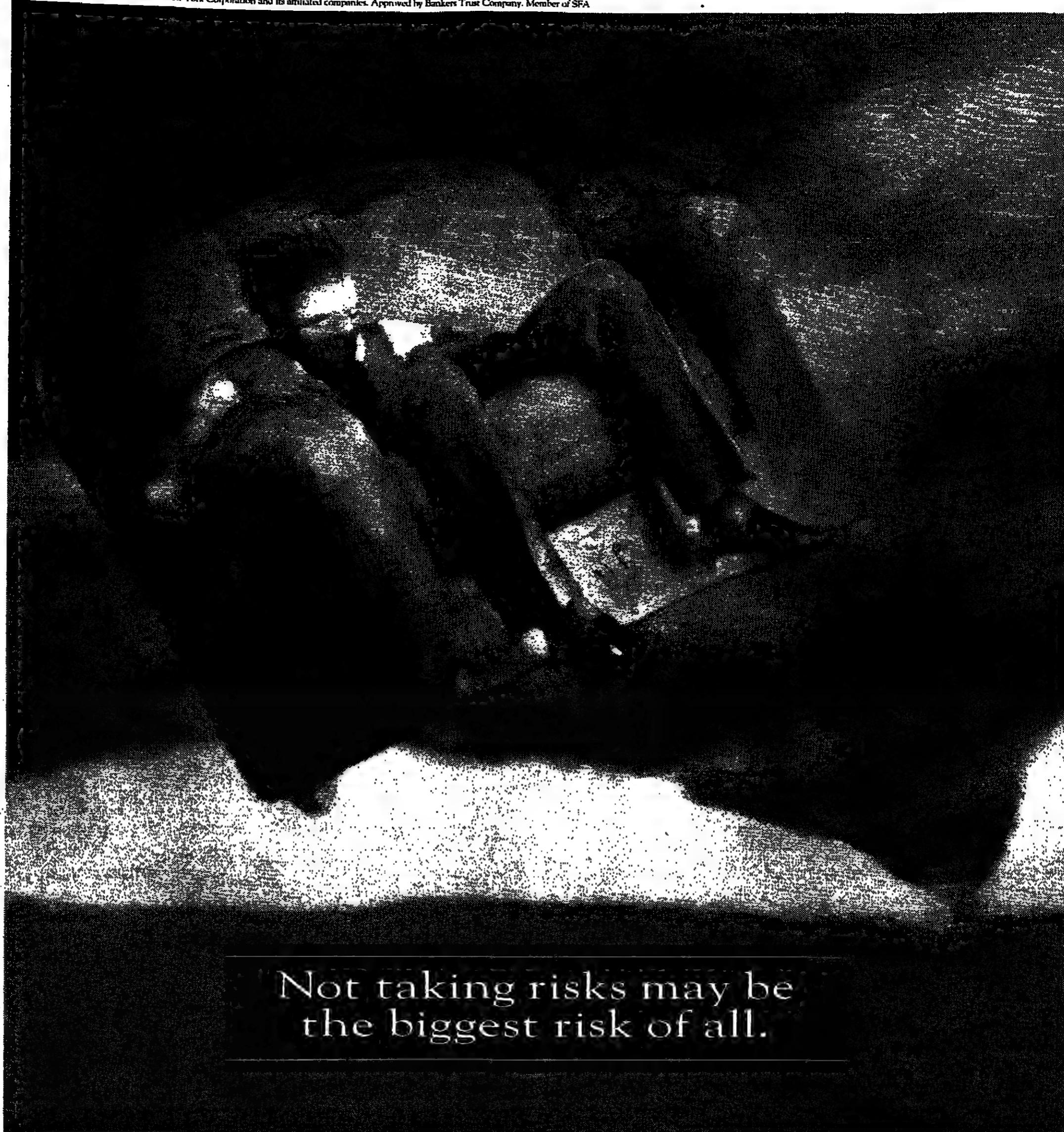
**CHASE**

lines a  
at seam  
osters

nd a new direction in  
ties Kenneth Goodie



© 1993 and issued by Bankers Trust New York Corporation and its affiliated companies. Approved by Bankers Trust Company. Member of SFA



Not taking risks may be  
the biggest risk of all.

You have to leave the cosy and comfortable if you want  
to move ahead.

Make an acquisition, build a plant, tackle a  
new market. Rewards most often flow from risk.

That's where Bankers Trust comes in.

Our entire firm has a unique single focus: deal-  
ing with global risk. And turning it to your advantage.

We bring strengths to bear on the problems of  
risk. Analytical strength, to evaluate risk. Intellectual  
strength, to create ideas that make risk work for you,

not against you. Market strength, to accomplish every-  
thing we propose.

And the financial strength to keep the com-  
mitments we make.

So take the risk you can profit by. We'll help  
you deal with the risk you can't. When Bankers Trust is  
beside you, risk is not to be feared.

**Bankers Trust**  
LEAD FROM STRENGTH.

iamond output  
andy Poseidon

MAKES FEDERAL SAVINGS



elaunches  
contract  
index

## City pleased with interim results from two construction companies

# Rugby edges ahead to £30.5m

By Paul Taylor

SEARPLY reduced net interest income offset higher operating profits in the first half at Rugby Group, which supplies cement, joinery, steel and glass to the UK, European and US construction industries.

As a result the group reported only a marginal gain in pre-tax profits, from £30.2m to £30.5m, in the six months to June 30.

Earnings per share improved to 6.91p (6.86p) and the interim dividend is unchanged at 2.86p.

Despite the flat pre-tax profit, Rugby's shares gained a further 17p to close at 279p yesterday.

Operating profits increased

by 10.5 per cent to £30m (£27.1m) on turnover which grew by 27 per cent to £260.8m (£233.7m).

However, net interest income fell to £493,000 from £3.06m, reflecting the impact of lower interest rates on sterling deposits. At the end of June the group had net cash of £13.5m (£12.4m).

Rugby, which is Britain's third largest cement manufacturer, said despite some slight signs of a recovery in the UK, the construction industry remained depressed and cement sales and profits were both lower.

Cement sales fell by 8 per cent to £58.3m (£63.3m) and operating profits dropped by 15 per cent to £8.7m.

(£10.3m).

However John Carr, the group's UK-based joinery business, posted modest growth, particularly through recent acquisitions, and managed to lift its operating profits by nearly 4 per cent to £7.2m (£7m) on turnover ahead 16 per cent to £54.5m (£55.8m).

Overall UK operations accounted for £180.3m (£149m) of group turnover and £18m (£17.3m) of operating profits.

Mr Geoffrey Higham, chairman, said the Australian results were "much improved as the economy recovered," as was the case in the US.

However, conditions in continental Europe were less robust although the joinery act-

vities continued to advance.

## COMMENT

Rugby is a well-run company with a solid balance sheet that has proved it can manage costs and make profits in even the worst of times, and has thoroughly deserved its premium rating to date. But the management knows it needs to make a large acquisition soon in order to make better use of its cash balances. Pre-tax profits of £61m look possible this year producing earnings per share of 14.1p. Yesterday's share price jump puts the stock on a forward multiple of nearly 20. It is too late for recovery plays, so Rugby may have to take a few more risks to justify its rating in the future.

## Intrum expands to £7.5m

By Catherine Milton

INTRUM Justitia, the debt collector, yesterday reported pre-tax profits up from £6.81m to £7.47m in the six months to June 30, flattered by the previous period's heavier interest payments and other charges.

Turnover rose to £41.7m (£41.6m) with the release of a provision a year ago disguising an increase on continuing operations and acquisitions from £40.3m to £41.7m. Operating profits fell to £7.82m (£8.07m).

The company said that allowing for exceptional items and a change in the treatment of goodwill, pre-tax profit rose 16.7 per cent, operating profit was up 10 per cent and turnover grew 3.5 per cent.

Mr Bo Goransson, chief executive of the Netherlands-based but London-listed company, said: "We have produced a nice profit but we are in our own recession. When normal companies go into recession they decrease their business and the outcome at the end is that we get fewer debt collections."

He added: "But we see a light in the tunnel. We have already signs in the UK that there is a recovery particularly for us, the increase in consumer borrowing, the car industry picking up."

The board declared an increased gross interim dividend of 1.1p (1p) out of earnings per share of 5.3p (4.6p restated).

## Strong dollar behind 20% growth to £26m at Bunzl

By Roland Rudd

THE STRONG US dollar helped Bunzl, the paper and packaging group, to report a 20 per cent increase in pre-tax profits in the half year to the end of June.

Profits rose from £21.7m to £26m on increased sales of £728.8m (£632.2m). The shares firmed 1p to 144p.

After the completion of last year's rationalisation, the group is continuing to look at strategic acquisitions which may require a rights issue.

Mr Anthony Hagood, chief executive, said: "We have told our shareholders that if we do a big acquisition we will talk to them first." He added that he was confident that the group would continue to grow organically.

Net debt rose to £113m representing gearing of 51 per cent. Mr Hagood said borrowings tended to peak at the half year and were inflated by the strong dollar. The group's debt is mostly dollar denominated. Net interest payable, however, declined from £5.3m to £4.4m, mainly because of the fall in interest rates.

Paper and plastic disposables, assisted by the strong dollar, reported increased operating profits of £16.7m (£13.7m). The continued growth

of overseas cigarette markets helped the cigarette filters side increase profits to £5.5m (£4.1m).

Plastics products, benefiting from a buoyant US automotive sector, turned in £5m (£3.4m).

Mr Pat Dyer, deputy chairman and chairman of the BOC Group is to replace Mr David Kendall as chairman in October.

Earnings per share rose to 3.9p (3.2p). The interim dividend is maintained at 1.5p.

## COMMENT

Bunzl continues to benefit from its rationalisation programme when it disposed of unwanted companies accumulated in the eighties and cut costs. By holding margins in the face of price deflation in the US it is also showing its metal with existing businesses. While the figures would be less sparkling without the benefit of the strong dollar, much of the profit improvement reflects a clearer strategy. Forecast pre-tax profits of £56m put the shares on a prospective multiple of 17.5. With the prospect of a stronger recovery in the US, where 60 per cent of its revenues are generated, its premium to the market still looks justified.

## Wilson Bowden improves to £17m

WILSON BOWDEN, the housebuilder and property development group, is increasing its interim dividend by 6 per cent after reporting higher profits and turnover underpinned by a 28 per cent increase in house sales in the first half, writes Paul Taylor.

The Leicester-based group reported pre-tax profits of £16.8m, including a £5.5m pension scheme refund, in the six months to June 30, compared to £10.3m.

Turnover increased by 30 per cent to £21m (£22.2m) including £65.1m (£48.7m) from housebuilding. Earnings jumped to 14.3p (8.9p) and the group is paying an increased interim dividend of 2.65p (2.5p).

During the period the group sold 825 houses at an average price of £78,000 compared with 643 houses at £75,700. Mr David Wilson, chairman and chief executive, emphasised that the increase in average selling price reflected the company's policy of selling more larger houses achieved in a market in which house prices, year on year, declined by about 5 per cent.

Mr Wilson described the results as superb considering that "the clouds of economic uncertainty have not entirely disappeared."

Operating profits for housebuilding rose 13 per cent to £8.7m (£7.8m) while property development contributed £4m

(£3m). However, Mr Wilson cautioned that profits from property development were uneven and this level of performance would not be repeated in the second half.

The group continued to expand its land bank in anticipation of a significant upturn in housebuilding activity. At the end of June the group owned or had control over 8,750 plots, compared with 8,750 at the end of December.

At the end of June the group had net debt of £21.5m (£18.8m) compared with shareholders' funds of £170.9m.

The shares, which almost doubled in price over the past 12 months, closed up 5p at 449p.

## COMMENT

This is a quality stock in an industry ravaged by the recession which should be able to push higher volume through as the recovery gathers pace. The company is already outperforming the market and should continue to steal market share from smaller builders and the housebuilding subsidiaries of some of the large construction companies. Nevertheless, the share price has already moved up sharply. Pre-tax profits could reach £28m this year producing earnings of 23.8p and a total dividend of perhaps 9.5p. The stock is trading on a lofty prospective p/e of 18.8 and should be held.

## Higher debt trims Perkins to £10m

By Catherine Milton

A SHARP rise in interest costs resulting from a near doubling of debt was in part blamed by Perkins Foods for a fall in pre-tax profits from £10.9m to £10.1m in the six months to end-June.

However, the interim dividend is being raised from 1.7p to 1.75p on earnings per share of 4.3p (4.8p).

Lower earnings reflected the increased cost of borrowings,

declining margins, rationalisation costs, the issue of 4m shares to pay deferred considerations and the relocation of the company's catering meat services.

Net debt increased to £23.8m (£18m), including convertible loan notes worth £5.5m (£5m), with Perkins showing a net cash outflow of £12.5m (£7.1m). Interest payments rose to £1.33m (£445,000).

Gearing at the end of the half year was 82 per cent (38

per cent) up from 34 per cent at the year end. Perkins said gearing usually peaks in the second quarter following payment of final dividend and deferred consideration.

Mr Ian Blackburn, finance director, said gearing should fall to about 50 per cent by the end of the current year.

Turnover rose to £198.7m (£176.3m), reflecting marketing efforts and a currency translation gain which contributed 15 per cent of the rise. Margin

pressure in the company's continental European operations, however, meant operating profits virtually flat at £11.4m.

All four of the company's divisions traded profitably although chilled foods made lower operating profits of £2.34m (£2.85m). The mushrooms division also returned lower operating profits of £484,000 (£583,000).

Frozen foods made profits of £5.56m (£6.58m) and fresh produce made £4.1m (£3.14m).

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Company dividend	Total for year	Total for year
ASW	3	Nov 5	3	-	8
Brammer	4.5	Nov 1	4.5	-	13
British Vita	3.05	Nov 8	3.5	-	7.15
Bunzl	1.91	Jan 2	1.8	-	4
Clarendon Garmits	3.5	Jan 4	3.8	-	7.25
ERM Income Trst	1	Nov 12	1.2	-	4.875
Fairley	3.8	Nov 15	3.3	-	10.2
Haggas (John)	2	Nov 26	2	3	3
Haynes Publish	4.5	Nov 12	3.8	-	8
Intrum Justitia	1.11	Nov 5	1	-	10.5
Laird	4.9	Dec 3	4.2	-	7.2
Liberty	1.85	Nov 11	1.85	-	0.2
Lionheart	0.1	Nov 3	0.2	-	4.4
Perkins Foods	1.75	Oct 22	1.7	-	6.45
Rugby Group	2.85	Nov 19	2.85	-	6.8
Suter	0.4	Nov 22	3.2	-	0.25
TLS S	nil	nil	nil	-	0.1
Wills Group	0.3	Nov 5	0.1	0.41	8.7
Wilson Bowden	2.65	Nov 8	2.5	-	-

Dividends shown pence per share net except where otherwise stated. ↑ On increased capital. \$USM stock. † Gross.

grew to £324m (£295m). The company said profits had been lifted by £2.7m and sales by £40m through the devaluation of sterling.

Profits also included an exceptional credit of £3.1m, being £5.1m from the settlement of a patent dispute, less a £2m provision for redundancies expected later this year in the German automotive seals sector.

Operating profits in the seals division fell from £13.7m to £13.2m, mainly because of the recession in the German automotive industry.

Profits in the industrial products division rose to £8.3m from £7.2m, while the service industries side - which includes US printing and plastics distribution - turned in £4.7m (£3.8m).

Earnings per share were 12.3p (11.7p), and the interim dividend was held at 4.2p.

Separately Laird announced yesterday the purchase of the car body seal business of Hapich, the German components maker, for DM24m (£9.6m) cash. The business, whose main customers are Mercedes,

BMW and Opel, had turnover last year of DM38m.

## COMMENT

Laird's strong presence in the German automotive sector, where it has 50 per cent of the market for car seals, will be further enhanced by yesterday's acquisition. However, its heavy dependence on German car production - down some 26 per cent in the half - is underlined by the fact that only sterling's devaluation pushed profits and turnover higher during the period. The currency factor will start to fade in the second half, and the group is also faced with a slowdown in car production elsewhere in Europe. Its financial and technical strength in the automotive sector will see it through the recession, but in terms of profits it will have to run very hard just to stand still. Meanwhile the non-automotive activities, which the group is seeking to expand, look a bit of a rag-bag. Earnings this year are forecast at 20p for a p/e of 18.3, a generous rating for a company so exposed to the European motor recession.

This advertisement appears as a matter of record only

## OSAKAGAS

Barclays de Zoots Wedd acted as sole book runner for Osaka Gas Co., Ltd. in the issue of £150,000,000 8.125 per cent bonds due 2003.

August 1993

This advertisement appears as a matter of record only

## THE KANSAI ELECTRIC POWER CO. LTD.

Barclays de Zoots Wedd acted as joint-book runner for The Kansai Electric Power Co., Ltd. in the issue of £800,000,000 7.125 per cent bonds due 1998.

April 1993



## Poseidon Gold Limited

ACN 007 311 068



Report on Activities for the Year ended  
30 June 1993

Poseidon Gold Limited ("PosGold") manages both direct interests in gold mining operations and indirect interests in three of Australia's largest gold mines through its major shareholdings in Mt Leyshon Gold Mines Limited ("MLGM"), North Flinders Mines Limited ("NFM") and Gold Mines of Kalgoorlie ("GMK").

### Significant events for the year include:

- Consolidated operating profit, after tax and minority interests, of US\$48.5 million (1992 - US\$33.4 million)
- Final dividend of US\$0.034 per share, franked to 75%, taking total dividends for the year to US\$0.068 per share
- Average price of US\$398 per ounce realised on Group gold sales
- Group production of 1,155,585 ounces
- Equity share of production of 713,871 ounces
- Average equity share mine operating costs of US\$187 per ounce
- Equity share of gold in reserves increased to 5.3 million ounces
- GMK's Super Pit reserve increased by 62% to 10.5 million ounces of contained gold

Production	Year Ended 30 June 1993			Year Ended 30 June 1992	
	PosGold Interest (%)	Group Share (oz)	Equity Share (oz)	Group Share (oz)	Equity Share (oz)
PosGold Direct Interests	100	368,614	368,614	226,995 <sup>(1)</sup>	226,995
MLGM	75.6 <sup>(2)</sup>	219,383	165,853	216,028	96,370
NFM	49.9	170,674	85,303	35,786 <sup>(3)</sup>	17,886
GMK	25.6 <sup>(3)</sup>	396,914	94,101	411,250	95,904
<b>TOTAL</b>		<b>1,155,585</b>	<b>713,871</b>	<b>890,059</b>	<b>437,155</b>

- (1) Includes share of production from operations acquired through merger with ACM Gold from the June 1992 quarter  
(2) Effective July 1992  
(3) Effective May 1993

Note: Amounts quoted in US dollars are Australian dollars converted at the rate of A\$1.00 = US\$0.68

Annual Reports for these companies can be obtained by writing to:  
The Company Secretary, Poseidon Gold Limited, 100 Hutt Street, Adelaide, SOUTH AUSTRALIA 5000  
or Telephone: +618 303 1700 Facsimile: +618 232 0193



## Exceptional behind Suter's surge to £30m

By Andrew Bolger

INTERIM pre-tax profits of Suter jumped from £9.4m to £29.6m, thanks mainly to an exceptional £19.1m gain on the disposal of the industrial conglomerate's valves business.

However, the underlying businesses also improved, with trading profit from continuing operations increasing from £9m to £10.9m in the six months to July 3.

Turnover of the continuing businesses was 6 per cent higher at £92.2m, about half the gain arising from currency translation. Overall sales were slightly down at £99.1m (£98.6m), but the current year included a four-month contribution from valves.

Suter said significant improvements were seen in the environmental division in the UK and specialty chemicals, while businesses close to the high street - haircare products, spectacle cases and giftware boxes - also experienced a notable improvement in demand.

The group said those areas offset less favourable conditions in other areas - refrigeration wholesaling, fine chemicals and automotive components, although individual automotive businesses less exposed to continental European markets had performed satisfactorily.

Mr David Abell, chairman, said: "These interim results are pleasing but do not fully reflect the progress we have made in improving efficiency through capital investment and reduction of the costs base. The profit potential for the upturn is bright."

Mr Abell said he was content, meantime, to monitor developments at James Wilkes, the troubled engineering group in which Suter has built up a 19.3 per cent stake. Suter would not sell its stake at current price levels, but could not move until the intention of other large shareholders became clearer.

Basic earnings per share jumped from 5.5p to 17.5p. Excluding exceptional, the fully diluted figure rose from 5.4p to 6.3p. The interim dividend was increased by 6 per cent to 3.4p (3.2p).

## Lionheart in black with £0.5m and pays interim

By Ian Hamilton Facey, Northern Correspondent

LIONHEART, the Cheshire-based paint brush manufacturer, home improvements and retail display systems group, has returned to profit and the dividend list.

In the six months to June 30 the pre-tax profit was halved to £518,000 (£1.1m) - a recovery from the second half of last year when the group incurred a loss of £1.97m and passed its final.

It had only resumed paying dividends in 1991 after reconstruction under Mr Paul Lever, the former chief executive of Crown Paints.

Mr Lever said yesterday that cuts in overheads and improvements in margins had been underpinned by a small improvement in demand, with sales at £22.4m (£21.5m).

All parts of the group were profitable in the first half and he expected recovery to continue.

Earnings per share were 0.13p (0.49p). The interim dividend is 0.1p, against 0.2p.

Mr Lever said new shower fittings designed by the Croydex subsidiary had been successfully launched, while Sloane, which makes bespoke merchandising units, had won strong business in the UK and US among compact disc, video and entertainment retailers.

Lionheart is 20 per cent owned by Newell, the US paint brush company.

## Aiming to follow a new seam

Michael Smith and Robert Peston consider plans to give Geevor, the former tin mining company now a shell, a new lease of life

SHAREHOLDERS in Geevor, one of the UK's oldest mining companies, are a long-suffering group.

They have provided money several times in recent years with little to show for it, the last when they took up £1.25m of loan notes to launch an unresolved court case against a bank which withdrew banking facilities.

But holders of the equity and loan notes can celebrate yesterday's disclosure of plans to turn the company from the shell it has become into an ambitious coal mining company with the assistance of Mr Malcolm Edwards, the former British Coal commercial director who is to become Geevor's chairman.

From the middle of next month they should be able to trade their shares on the stock market for the first time since they were suspended 18 months ago.

There is a reasonable chance that the shares will rise from the 4.75p suspension price if some of Mr Edwards' bids for five British Coal pits prove successful and he can persuade the market that he can make money out of them.

He has some hard talking to do, however. The pits he has bid for have been rejected by British Coal. There has not been a rush of takers for the 19 pits put out to licence by the corporation, which has received about a dozen bids for eight pits. Five of the bids are from Mr Edwards and another five are from RJB Mining.

Mr Edwards' confidence stems from his belief that the pits can be profitable if producing lower tonnages through methods less capital and labour intensive than those used by British Coal.

He also intends to aim some of his output at parts of the market other than power stations on which British Coal concentrates. He believes that British Coal is importing 1.3m tonnes of coal a year and that some of this could be replaced by UK coal from mines Geevor may buy.

The thinking is similar to that of RJB Mining. Both Edwards and RJB feel the need of stock market funds to achieve the potential provided



Malcolm Edwards: confident that the pits can be profitable

by British Coal's contraction. RJB chose a flotation earlier this year. Mr Edwards has chosen to move into the shell of Geevor.

"It is a relatively cheap and quick way of getting to the market," he said yesterday.

Geevor made its name over 85 years largely through its association with tin mining. It has been involved with coal only recently and even then at the periphery of its operations.

It ceased tin mining in 1990 and now has minimal assets. Its main hope of survival in the last year or so collapsed with AF Budge the civil engineering group forced into receivership last year which had been keeping the company afloat.

Since then Smith New Court, Geevor's stockbroker, has been looking for a company with mining-related interests to take it over. This is because many of Geevor's institutional shareholders hold the equity in mining funds.

Mr Edwards is not taking the company over - his eventual stake will be about 3 per cent, but his involvement enables the restructuring necessary to attempt the transformation in Geevor's fortunes.

He is putting Coal Investments, a subsidiary of Edwards Energy, his consultancy, into Geevor, to be renamed Coal Investments.

Geevor is also buying UK Mining, a small Welsh company, the assets of which include the Cwmguili pit. Officially closed by British Coal in

1990 after 20 years of operation, Cwmguili survived under the corporation's ownership until last year under salvaging arrangements which enabled the continuation of mining.

It is capable of producing about 100,000 tonnes of coal but needs several hundred thousand pounds of investment.

Its creditors and shareholders will be given shares in Coal Investments as will Geevor's current creditors, led by the loan stockholders.

Most of Geevor's creditors have already agreed to take £10 of new shares in exchange for every £100 of debt they hold, according to Mr Christopher Stainforth, an executive at Guinness Mahon, the merchant bank, who devised the reconstruction plan and is advising Mr Edwards.

The deal is a comeback for Mr Stainforth, a former director of the broking firm Phillips & Drew, who is rebuilding his City career following his acquittal last year in the long-running Blue Arrow trial.

Following the restructuring, there will be a 10-for-1 rights issue to provide about £1.75m which can be used to provide the working capital for Cwmguili and, if necessary, funding for one of the five pits for which Mr Edwards is bidding.

Mr Stainforth is restructuring the balance sheet with the aim that the shares will pay a dividend yield of a little less than 10 per cent within two years at the yet-to-be-determined rights issue price.

Success in bids for any of the other four mines would almost certainly cause Coal Investments to return to the market for additional equity. Mr Stainforth said that the company would prefer not to fund future expansion with borrowings.

At Coal Investments, Mr Edwards will be joined by Mr Brian Nicholls, 58, a former British Coal employee who has worked in Australia for the last 22 years. He will be director in charge of mining operations.

Mr David Howard, 40, formerly of Ernst and Young will join as finance director.

COMMERCIAL BANK OF LONDON PLC  
Established in 1822

We are pleased to announce that with effect from 20th September 1993 our Head Office and City Branch will be re-located in our own newly acquired premises at:



66 CANNON STREET, LONDON EC4A 6AE  
Tel: 071 332 6767 Fax: 071 332 0010/0013 Telex: 885944/8811406

The Bank provides a full range of domestic and international services to both personal and corporate customers

Other branches are located at:

69-71 Haymarket/  
Charles II Street  
London SW1Y 4RE  
Tel: 071 839 5372  
Fax: 071 925 2327  
Telex: 918624

15 The Broadway  
Wood Green  
London N22 6DS  
Tel: 081 888 8605  
Fax: 081 889 6911  
Telex: 990808



**National & Provincial Building Society**  
Japanese Yen 10,000,000,000  
Floating Rate Notes due 1995

For the six months  
7th September, 1993 to 7th March, 1994

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 4.25 per cent, per annum, and that the interest payable on the interest payment date, 7th March, 1994 against Coupon No. 11 will be Yen 2,107,534 per Yen 100,000,000 Note.

The Industrial Bank of Japan, Limited  
Agent Bank

Over 200 GB of high speed random access memory • Bonus Compressor • Polaris & Quantum • Includes a 24 hour hotline with access to 24 Exchange including US, Asia and all major European & European Simultaneous LAN Windows

WHY PAY MORE FOR LESS?  
Call Graham Clark 025 QUOTE (London) 071 623-4425

DO YOU WANT TO KNOW A SECRET?

The I.D.S. Gann Seminar will show you how the markets REALLY work. The amazing trading techniques of the legendary W.D. Gann can increase your profits and contain your losses. How? That's the secret. Ring 081 474 0060 to book your FREE place.

## How to repack an industry.

This announcement appears as a matter of record only.  
September 1990

**COFINEC**  
Compagnie Financière pour l'Europe Centrale

has acquired a controlling interest in

**Petőfi Printing Co. Ltd.**  
(a company incorporated under the laws of the Republic of Hungary)

as part of the First Privatisation Program by the  
State Property Agency (SPA) of Hungary

This announcement appears as a matter of record only.  
November 1991

**Petőfi Printing Co. Ltd.**  
(a company incorporated under the laws of the Republic of Hungary)

DM 10,000,000 Loan Facility

Provided by

**European Bank**  
for Reconstruction and Development

This announcement appears as a matter of record only.  
July 1992

**Petőfi Printing Co. Ltd.**  
(a company incorporated under the laws of the Republic of Hungary)

International Private Placement  
of 6,046 Registered Shares  
of Common Stock of HUF 50,000 each

The undersigned acted as financial advisor  
to Petőfi on this transaction.

**Morgan Stanley International**

This announcement appears as a matter of record only.  
July 1993

**Petőfi Printing Co. Ltd.**  
(a company incorporated under the laws of the Republic of Hungary)

HUF 1,350,000,000 Dividend  
Notes Due 1998

The undersigned acted as financial advisor  
and sole manager to Petőfi on this transaction.

**Credit Suisse First Boston Budapest Rt.**

This announcement appears as a matter of record only.  
May 1992

**COFINEC**  
Compagnie Financière pour l'Europe Centrale  
and  
Hungarian Investment Company Ltd.  
(HICL)

have acquired 85% of

**KNER**

**Kner Printing House Co. Ltd.**  
(a company incorporated under the laws of the Republic of Hungary)

as part of the First Privatisation Program by the  
State Property Agency (SPA) of Hungary

This announcement appears as a matter of record only.  
February 1993

**KNER**

**Kner Printing House Co. Ltd.**  
(a company incorporated under the laws of the Republic of Hungary)

DM 10,000,000 Loan Facility

Provided by

**European Bank**  
for Reconstruction and Development

The undersigned acted as financial advisor to  
Kner Printing House Co. Ltd. on this transaction.

**Morgan Stanley International**

This announcement appears as a matter of record only.  
February 1993

**KNER**

**Kner Printing House Co. Ltd.**  
(a company incorporated under the laws of the Republic of Hungary)

Private Placement of 27,000  
Registered Shares of Common Stock  
of Par Value HUF 10,000 each

The undersigned acted as financial advisor to  
Kner Printing House Co. Ltd. on this transaction.

**Morgan Stanley International**

Four years ago Cofinec began investing in the emerging Central European markets, focusing on the packaging industry in particular. Today, in our product lines, we are the leading packaging manufacturer in Central Europe, and the eleventh largest in Europe overall, competitive with all the major players.

Recognising opportunities, finding the right companies and arranging effective finance is only part of the story. It also takes vision, committed management and the latest technology. Essential ingredients in helping the East become partners with the West.

The financings shown here represent a commitment of over US\$75 million by Cofinec and its partners to the packaging sector in Central Europe which, to our knowledge, is more than anyone else in the industry.

**COFINEC**  
Gufhausstraße 2/2, 1040 Vienna, Austria  
Tel: (43 1) 504 28 60 Fax: (43 1) 504 28 60 60



## Sime Darby Group

PRELIMINARY ANNOUNCEMENT  
HIGHLIGHTS OF UNAUDITED CONSOLIDATED RESULTS  
FOR THE YEAR ENDED 30TH JUNE 1993

	1993 RM Million	1992 RM Million
TURNOVER	7,041.4	6,197.5
PROFIT BEFORE TAXATION	840.8	755.4
EARNINGS	403.2	353.5
EXTRAORDINARY PROFITS	60.5	4.7
	Sen	Sen
EARNINGS PER SHARE	25.7	22.8
DIVIDENDS PER SHARE - GROSS	20.0	18.0

The profit before tax figure for the year of RM 840.8 million is 11% higher than last year and is the sixth successive year of record profits.

Earnings and earnings per share are 14% higher than last year and have more than quadrupled since 1987.

## Westpac Banking Corporation

(Incorporated with limited liability in the State of New South Wales, Australia)

U.S. \$240,000,000

Perpetual Capital Floating Rate Notes

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 7th September, 1993 to 7th March, 1994 the Notes will carry an Interest Rate of 3.9875 per cent. per annum. The Interest Amount payable on the Interest Payment Date which will be 7th March, 1994 is U.S. \$20,048.26 for each Note of U.S. \$1,000,000.

## Westpac Banking Corporation

Agent Bank  
Westpac House,  
78 King William Street,  
London EC4N 7HA



## European Investment Bank

Italian Lire 200 Billion

Floating Rate Notes due March 1998

## Notice to the Holders

Notice is hereby given that the Notes will carry an interest rate of 8.9375% per annum for the period 06.09.1993 to 07.03.1994.

- I/L 225,920 per I/L 5,000,000 nominal
- I/L 2,259,200 per I/L 50,000,000 nominal

Luxembourg, September 07, 1993

## Daily Gold Fax - free sample

From Chart Analysis Ltd  
7 Swanton Street, London W1R 7UD, UK  
commodity specialists for over 22 years

ask Anne Whitby  
Tel: 071-734 7174  
Fax: 071-439 4966  
a FTN member

## FT READERS' ENQUIRY SERVICE

If you require information about the content of the Financial Times or about specific articles please contact our FT Readers' Enquiry Service by phone, fax or letter.

Call our research staff between 9.30 am and midday or 2.00 pm and 4.45 pm Monday to Friday.

Call 071-873 4211  
Fax 071-873 3084

## How do you keep up with an expanding Europe?

Now that the single market is a reality, the need for business information... on markets, on your competitors, on European legislation... has become more urgent.

So how do you keep up with all of the changes? And how do you separate the useful information from the time-wasting trivia?



Europe's essential online business information service from the Financial Times.

and on hundreds of other equally important information sources to give you the facts you need - in just seconds.

FT PROFILE is easy to use.

All you need is a PC, a phone line and access to FT PROFILE.

It helps you sift through the millions of pieces of available information for the time-wasting trivia?

facts that can make the difference between a good guess and an informed decision.

To learn more about how FT PROFILE can enhance your perspective on business in Europe and the world, call us now, or simply complete and return the coupon to...

FT PROFILE, P.O. Box 12,  
Sunderly, Middlesex, TW16 7UD,  
Great Britain Tel: +44 932 761444

Financial Times Information Services,  
Nightingale Place, 3, 6000 Frankfurt/Main 1,  
Germany Tel: 069/15 695 - 113

Financial Times Information Services,  
Rue de Vieux Paris, 148 Rue de Ravel,  
75001 Paris, France Tel: 01 42 97 06 10.

Name \_\_\_\_\_  
Job Title \_\_\_\_\_  
Company \_\_\_\_\_  
Nature of business \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_  
Country \_\_\_\_\_

No. of employees ☐ under 50 ☐ 50 to 100 ☐ over 100  
I already use online ☐ Yes ☐ No

FT PROFILE  
BUSINESS INFORMATION  
PART OF THE FINANCIAL TIMES GROUP

## COMPANY NEWS: UK

ASW back in the black  
midway with £1.5m

By Andrew Baxter

ASW HOLDINGS, the steel products group based in Wales, bounced back into the black in the first half of 1993 and announced a £10m scheme to reduce costs substantially at one of its Cardiff rolling mills.

Pre-tax profits were £1.5m, compared with a loss of £2.1m for the corresponding period and a deficit of £8.7m - including £4.6m of restructuring costs - for the second half of 1992.

Turnover in the opening half was £330.5m (£190.5m). Earnings per share were 0.6p (losses 4.2p) and the interim dividend is maintained at 3p.

Mr Alan Cox, chief executive, said the company felt "more confident than in a long

time" about its main steel businesses.

These activities made a first-half operating profit of £5.7m (£800,000), almost all of which came in the second quarter as the benefits of price increases and higher margins came through.

Mr Cox said the steel businesses' operating profit was running at an annual rate of £23m in the second quarter. This compares with a peak of £41.5m achieved in 1990 before the collapse in UK and European steel prices.

He was cautious about the outlook for margins in the steel business. Currently they were not as high as in the second quarter, and predictions for 1994 would depend on the trend in the last three months.

In some parts of Europe, he

said, margins were still lower than in 1992.

The £10m investment at Cardiff will change the cost structure for production of merchant bars - angles and other sections used in engineering.

ASW's much smaller construction systems business incurred a loss of £2.5m (£1.9m) deficit a year earlier. But Mr Cox said a much reduced deficit was expected in the second half and expressed optimism about the division's new products.

The group has not produced a balance sheet at the half year stage, but said the increased volumes and higher prices in its steel business led to higher levels of working capital. Borrowing facilities were enough to accommodate this increase and projected capital spending.



Alan Cox, company felt more confident than in a long time

Haynes' shares rise  
37p on record £4m

By Nigel Clark

UNDERPINNED by improving performance in the US, Haynes Publishing Group, the car and motor cycle maintenance manual company, reported record pre-tax profits for the year to May 31. The shares rose 37p to 455p.

Mr John Haynes, chairman, said the rise was the result of improved management of the business, rather than an increase in sales.

On turnover 7 per cent ahead at £22.8m, against £21.2m, pre-tax profits advanced 67 per cent from £2.37m to £3.95m. Earnings per share rose from 14.53p to 26.5p. Directors are proposing a final dividend of 4.5p for a total of 8p (6p).

An enhanced scrip dividend of 8.5p is being offered. Mr Max Pearce, chief executive, said the move was to conserve cash and also to pre-empt possible future ACT problems because of the level of profits from the US.

In the US pre-tax profits were a record £2.5m (£1.8m) on sales of £10.5m (£8.74m). The company said that the Haynes manual in the US had established a leading market position.

During the year sufficient cash was generated in the group to repay net borrowings of £1.5m and end the period with £3.6m on deposit after investing £1.5m in capital assets. The net interest charge fell to £58,000 (£32,000).

Market development in France was proceeding to plan but was unlikely to contribute significantly for the next two or three years. Mr Pearce said that there were plans for expanding in other parts of the continent particularly eastern Europe.

In the UK pre-tax profits rose to £1.8m, up £1m, most of which was the result of lower exceptional and interest charges. Losses in general publishing were halved.

Mr Pearce said that the UK was the only area for caution. Despite its dominant market position more work was needed before profits returned to an acceptable level.

Costs of acquiring Roulement Service  
leave Brammer unchanged at £4.2m

By Andrew Baxter

BRAMMER, the industrial services group, reported flat pre-tax profits of £4.2m in spite of increasing sales by 27 per cent to £71.2m, against £56.1m, for the six months to June 30.

A strong performance by BSL, the distributor of ball bearings and power transmission products, helped increase group operating profits by 27 per cent to £5m, compared with £3.9m.

However, the pre-tax figure was affected by the impact of last year's acquisition of Roulement Service, a French distrib-

utor of bearings. Net interest costs of £732,000 compared with interest receivable of £317,000 last year.

Mr Robert Foulkes-Jones, chief executive, said BSL had an excellent half year, with sales 41 per cent ahead of the same period last year and 9.2 per cent higher than the second half of 1992. Market share and sales per employee were both significantly higher.

Roulement had made good progress in electronic testing equipment, increased sales by 19 per cent. Livingston Hire of the UK increased profits substantially in generally better market conditions, but smaller

although sales were 4.3 per cent lower and gross margins were under constant pressure.

Mr Foulkes-Jones said Roulement had been recently appointed the first nationwide distributor in France for the products of SKF, the Swedish roller-bearing manufacturer which dominated the French market. Brammer planned to make more acquisitions in Europe.

The rentals group, which specialises in electronic testing equipment, increased sales by 19 per cent. Livingston Hire of the UK increased profits substantially in generally better market conditions, but smaller

companies in France, Germany and the Netherlands all had a difficult six months.

Mr Hugh Lang, chairman, said: "Trading in the UK is currently at the improved levels experienced during the first half of the year but recovery remains fragile. In the rest of Europe the recession continues and we need to see an improvement in business confidence, particularly in France which now represents more than 20 per cent of group turnover."

Earnings per share fell to 6.6p, against 6.9p previously, but the interim dividend is being held at 4.5p.

## Acquisitions help Wills advance to £1.56m

By John Maxwell

WILLS GROUP, the expanding distributor of high specification fluid handling equipment, achieved a profits rise from £519,000 to £1,556,000 pre-tax for the year ended July 3.

The figures included a two

months' contribution from Platon International, the former USM-quoted instrumentation company acquired for £2.7m.

Along with the purchase, which followed the acquisition of Lightfoot Refrigeration in December, a 1-for-5 rights issue was launched to raise £5.2m.

The money raised will help restructure Platon's finances and develop new products.

Group turnover for the year expanded from £15m to £19.55m, including £1.55m from acquisitions. Interest charges were cut to £45,000 (£138,000). Earnings per share improved

from 0.72p to 1.6p basic, or from 0.6p to 1.26p diluted. A final dividend of 0.3p makes a 0.4p (0.1p) total.

The directors hoped the first six months would see further progress in profitability as sales and profits are weighted towards the second half.

## FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, September 6, 1993. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US \$	D-MARK	YEN	COUNTRY	£ STG	US \$	D-MARK	YEN
Algeria (Algeria)	215.75	1395.55	185.185	1320.85	Canada (Canada)	14.5235	0.5212	0.7801	0.6815
Algeria (Libya)	148.35	110.249	85.254	105.881	Canada (US)	1.5278	0.5212	0.7801	0.6815
Algeria (Morocco)	30.15	19.745	12.345	18.822	Canada (Mexico)	1.00	0.0548	0.408	0.2525
Algeria (Tunisia)	8.0775	5.0827	3.5228	5.4575	Canada (Central)	20.0245	0.6927	1.0259	0.8755
Algeria (Libya)	281.65	131.689	81.5445	136.447	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Angola)	988.75	302.11	202.31	371.51	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	4.325	2.702	1.871	2.59	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (South)	1.00	0.0548	0.408	0.2525
Angola (Congo)	1.3317	1.03	0.625	0.833	Canada (North)	1.00	0.0548	0.408	0.2525</



## COMMODITIES AND AGRICULTURE

## Light seen at end of tunnel for aluminium producers

By Kenneth Gooding, Mining Correspondent

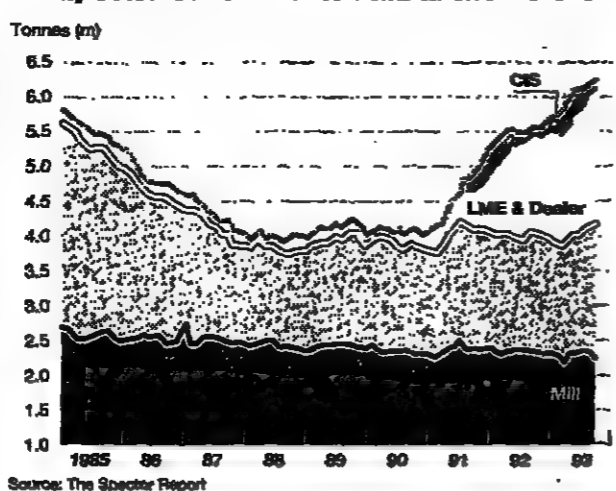
THE ALUMINIUM market would move back into balance next year and prices rise above the industry's break-even level again if there were further relatively modest cuts in capacity and producers resisted the temptation to re-start mothballed smelters, analysts suggest.

"Knock out another 300,000 tonnes (of annual capacity) and the aluminium market next year could be quite good," says Mr Stewart Spector of the New York-based Spector Report consultancy organisation.

Mr Angus MacMillan, research manager at Billiton-Bathoven Metals, part of the Royal Dutch/Shell group, suggests that, even if western imports of Commonwealth of Independent States aluminium remain at about 1m tonnes a year, "the upturn in demand would still leave the west in considerable supply deficit by 1995. Much will depend on western producers exercising restraint. If they rush to restart the 1.4m tonnes of capacity temporarily mothballed over the past two years, they will simply condemn themselves to low prices."

He points out in the latest Metals Report that the prolonged period of depressed prices has caused a large number of new smelter projects to be cancelled or postponed so there is little new capacity in the pipeline. "A marked resurgence in demand over the next three years could leave the

Composite of total world aluminium stocks



Source: The Spector Report

west in considerable supply deficit."

The recent fresh cuts announced by the Aluminium Company of America (Alcoa) and Reynolds Metals, the biggest and second-biggest US producers, which will take another 350,000 tonnes of annual capacity out of production, are the first in two years that will not be offset by new capacity coming on stream, Mr MacMillan points out.

He urges producers not to restart any capacity until the aluminium price reaches 65 cents a lb and suggests this will not occur until the second half of 1994. "While prices next year will be significantly higher than in 1993, it will be 1995/96 before the industry

enjoys the full benefit of rising demand," Billiton is forecasting an average London Metal Exchange aluminium price of 53 cents a lb this year, rising to 62 cents next year and to 75 cents in 1995.

Both Billiton and Spector expect western aluminium output to fall next year. Mr Spector suggests it could slip by 1.8 per cent from the 1993 forecast level of 14.92m tonnes to 14.64m. He says it would then take only a 4 per cent rise in demand for stocks to start falling and for prices to improve.

Mr Spector says that recent increases in LME, trader and producer stocks were offset by a fall in unreported CIS metal of a grade too low to be delivered to LME warehouses.

## Rubber growers may cut output to boost prices

By William Barnes in Bangkok

THE SEVEN major rubber producing countries - representing 90 per cent of the world's output - say they could resort to cutting production to boost prices if consumers refuse to renege on the present price support scheme, which lapses at the end of this year.

Ministers from the Association of Natural Rubber Producing Countries who met in Bangkok yesterday refused, however, to reveal exactly how they planned to pressure consumers into lifting rubber prices from 30 year lows in real terms.

Malaysia's Minister of Primary Industries Dato Seri Dr Lim Kheng Yaik said "don't

ask us to expose our cards but rubber can very easily be kept in the trees. I can tell you that."

The producers complain that the current International Natural Rubber Agreement's intervention fund, set up in 1979, to which both producers and consumers contribute, tends to stabilise prices at low levels.

Their problem is that global economic recession and poor sales of cars, and hence tyres, is keeping rubber prices low.

Yesterday Dr Lim stressed that "rubber is certainly not a sunset industry. As long as there are cars on the road there will be a demand for rubber". But he went on to say "we have to do something to help ourselves... where there is more production than

demand we can expect prices to stay low for a long, long time."

Malaysia has already lowered its production by about 350,000 tonnes - from 1.6m tonnes in 1988 to 1.25m tonnes in 1993.

The seven producers said they would "take a long hard look whether they wanted to be members" of the International Natural Rubber Organisation, which groups producers and over 20 consumers, if their demands were not met. They are working on a strategy of reworking the intervention fund and co-ordinating production and marketing of rubber and other commodities.

Thailand's deputy minister of agriculture, Mr Suthep Thangnubun, said they expected

a response from consumers - led by the US, the European Community and Japan - this year and final agreement, if possible, next year, indicating that they might be prepared to see the current intervention fund rolled over for one more year.

A communiqué issued by the producers said the International Natural Rubber Agreement needs to be "reviewed and updated" and called for "intensified" negotiations between producers and consumers.

Consuming countries have repeatedly complained that producers are reluctant to face market forces and allow the intervention fund manager to lower his floor price.

After some acrimony earlier this year the floor price was

lowered from 176 Malaysia/Singapore cents a kilogram to 166 cents. Even so the buffer stock manager, who already had 150,000 tonnes in hand, said he bought for the first time this year only on Friday when the price drifted below 166 cents.

● Natural rubber production in Malaysia fell 11 per cent to 86,323 tonnes in June, compared with the same month last year, the statistics department said, reports Reuter from Kuala Lumpur.

Production for the first six months of the year was 537,480 tonnes, 4 per cent lower than in the same 1992 period.

Malaysia exported 66,452 tonnes of rubber in June, down 13 per cent from a year ago and 11 per cent less than in May.

## Protection puts Peru's vicuña more at risk

With economic exploitation banned the field is open to rustlers, writes Sally Bowen

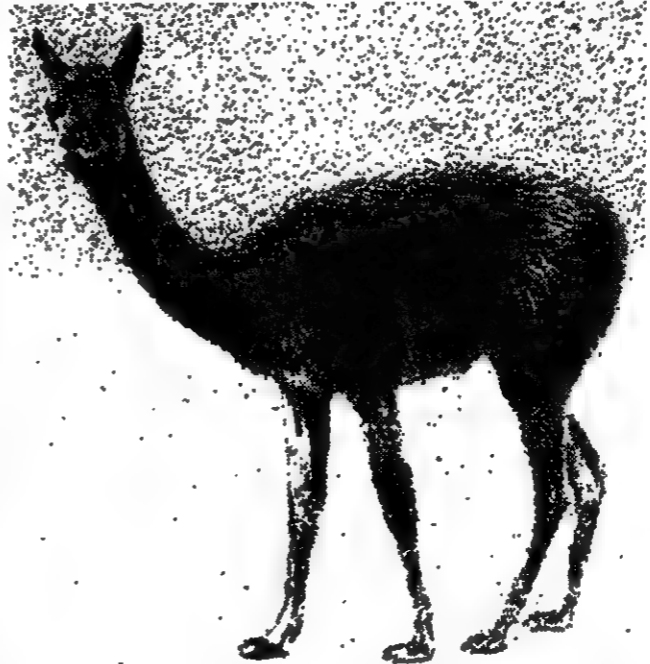
BANNING THE economic exploitation of endangered species has traditionally been seen as the most effective method of protection. But that strategy is not working for the vicuña, South America's graceful, shy camelid.

Officially classified as endangered, the herds of vicuña that roam the high and lonely Peruvian Andes are increasingly falling prey to well-organised gangs of international rustlers - and the cash-strapped government can do little to counter their hit-and-run tactics.

No-one knows quite the extent of the illegal trade. "But it's very lucrative and the organisation is sophisticated," says Mr Domingo Hoces, an expert with Conaces, Peru's relatively new quasi-governmental agency for camelids. "There are brigades of well-armed hunters working for brokers within Latin America who then ship the fibre in bales to Europe and Asia."

One animal yields only about 300 grams of the coveted, soft hair, so five rustled animals may die to produce a metre of cloth which, on the European or Asian black market, can sell for anything between \$1,500 and \$3,000.

The answer to the rustlers, say both Conaces officials and businessmen interested in buying the valuable vicuña fibre, lies in the rational exploitation of the animal. If the peasant farmers who are presently charged by law with protecting the animals, which roam wild over their communally-owned territories, are permitted to benefit from the eventual sale of prized vicuña cloth, goes the argument, both protection and husbandry are certain to



Five rustled animals may die to produce a metre of cloth worth \$1,500 to \$3,000 on the European or Asian black market

improve - and the wretchedly poor Andean peasants would be better off.

International aid agencies have, over the years, run pilot programmes in the vast Pampa Galeras high plateau in Ayacucho department, home to Peru's largest concentrations of vicuña herds. They have taught peasant farmers periodically to round up and shear the animals - though hair may be clipped from the same animal only every two or three years.

The vicuña is native to the Andean countries of Peru and Bolivia, and, to a lesser extent to Chile, Argentina and, more recently under a re-settlement scheme, Ecuador. Hardy and resistant to the extreme cold, it

inhabits the inhospitable highlands between 3,700m and 4,500m above sea level. Historically coveted for its especially fine hair, the vicuña was protected and periodically culled by the Incas but later, during the colonial and independence periods, indiscriminately hunted almost to extinction.

Agreements on protection between Bolivia and Peru in the late 1960s were later extended to include Chile, Argentina and Ecuador. The protection strategy worked and the Andean vicuña population is now estimated at 180,000 or more, 65 per cent of them in Peru.

Now that the species no longer

faces the threat of extinction and herd sizes are stable, sustainable utilisation would appear to be indicated. Six years ago Cites, the Convention on International Trade in Endangered Species, authorised selective exploitation of the live-born vicuña. But, so far, the interested parties have failed to reach consensus.

Several rival companies specialising in luxury fibres have been in Peru in recent months hoping to expedite an agreement. One of them is a consortium formed by UK-based Dawson International and Italy's Emmevigo Zegna.

An immediate stumbling-block to a deal between international business and the Andean peasants is price. "There's been an irresponsible raising of expectations," says Mr Nick Kuensberg, CEO of Dawson Premier Brands, who visited Peru in early June to act as broker between Conaces and the "commerces".

Although there is obviously no current reference price for vicuña hair, Mr Kuensberg says that its fineness and rarity mean it could "reasonably command four to five times the price of cashmere". That would mean perhaps \$250 a kilogram for dehaired fibre. But the commerces, having heard that vicuña cloth retails on the black market for \$3,000 a metre, think they should receive four times that.

The 1987 Cites amendment permits marketing of cloth woven from vicuña hair, but not the hair itself. Trials have been run by a textile company in Peru and some 600 metres of vicuña cloth are now stockpiled in Lima, unsold, along with 3,000kg of hair.

Ms Soledad Yoshimoto, president of Conaces, favours ship-

ping the valuable hair for spinning and weaving abroad. "Foreign companies have the technology which is not yet available here," she says. "When we launch vicuña on the international market, we must ensure we are selling the best possible product."

The Dawson International-Zegna consortium is proposing spinning the cloth in Britain, offering the commerces a royalty on its eventual retail price.

But they say that Conaces must allow them to negotiate directly with the commerces, who should be formed into an appropriate association holding the right to the "Vicuanides" trademark which is demanded by Cites to identify cloth spun from live legally collected from live animals.

Experts estimate that immediate supply could be between one and three tonnes of hair a year, rising as husbandry and shearing methods improve to perhaps 16 tonnes a year from the whole Andean region.

But the legal and bureaucratic obstacles remain. Cites is emphasising its condition that only cloth, not fibre, may be sold. Conaces wants to maintain an intermediary role between the peasant farmers and the international cloth-makers. And businessmen need a mechanism by which they can contract a reliable supply of raw material directly from the Andean farmers.

A solution is needed that will ensure the healthy survival of the species, an attractive product for the well-heeled consumer and an improved standard of living for many impoverished Andean peasants. Until it is found, illegal hunting of the vicuña will continue inexorably.

## Shepherd to seek co-operation on 'fragile' S Atlantic fisheries

By Allison Maitland

MRS QILLIAN Shepherd, the UK agriculture minister, yesterday stressed the need for co-operation in protecting "fragile" South Atlantic fish stocks as she prepared to become only the third British cabinet minister to visit Argentina since the Falklands conflict 11 years ago.

Relations between the two countries were soured again last May when Britain decided to extend territorial waters to 200 miles around South Georgia and the South Sandwich Islands, neighbours of the Falklands, and to introduce a fishing licence system there to halt overfishing by third countries.

Argentina claims sovereignty over the two islands, as well as the Falklands, where Britain has operated similar restrictions since 1987. Last

year Argentina introduced a cut-price licensing system for vessels operating in its waters which has poached many of the Falklands' best customers.

Mrs Shepherd said yesterday, on the eve of a week-long trade promotion trip to three south American countries, that there had been discussions on the issue of fishing limits at European Community level, with Spain particularly interested in fishing for squid and hake in the South Atlantic. "We need agreement between the respective authorities to conserve fish for the mutual benefit of all parties," she said. "Fish stocks there are fragile and limited."

She will also urge Argentina to lift its ban on imports of British cattle for breeding purposes. Argentina is one of the 17 countries that still ban cattle imports because of the "mad cow disease" outbreak in

the 1980s.

Mrs Shepherd said the Paris-based Office International des Epizooties, the international animal health organisation, had agreed there was no longer any problem with British cattle exports.

Her visit to Argentina, accompanied by a team of British businessmen and agricultural experts, follows separate trips by Mr Douglas Hurd, foreign secretary, and Mr Michael Heseltine, president of the Board of Trade, earlier this year.

Her first stop today will be Paraguay, where she expects to meet Mr Juan Carlos Wasmosy, the first freely-elected civilian president. She will then visit Uruguay and lastly Argentina.

The objectives of the trip are to promote British food and drink, as well as agricultural expertise and machinery.

## WORLD COMMODITIES PRICES

## MARKET REPORT

Technical pressure in the London Metal Exchange COPPER market was maintained yesterday, with the backwardation (nearby premium) widening significantly. While the three months position showed signs of reflecting the market's bearish fundamentals, falling \$5.75 to \$1,949 a tonne, the cash price continued to be bolstered by concern over a potential supply squeeze and its premium widened to \$58 at the close. At the London bullion market the GOLD price closed just 10 cents up from the depressed level at which it ended last week.

Compiled from Reuters

## London Markets

## METAL MARKETS

Grade of (per barrel FOB/CFR) + or -

Duties \$14.40-14.50 -0.03

Brent Blend (skidded) \$18.25-18.35 -0.05

Brent Blend (skidded) \$18.25-18.35 -0.05

WTI (1st oil) \$18.25-18.35 -0.05

WTI (2nd oil) \$18.25-18.35 -0.05

WTI (3rd oil) \$18.25-18.35 -0.05

WTI (4th oil) \$18.25-18.35 -0.05

WTI (5th oil) \$18.25-18.35 -0.05

WTI (6th oil) \$18.25-18.35 -0.05

WTI (7th oil) \$18.25-18.35 -0.05

WTI (8th oil) \$18.25-18.35 -0.05

WTI (9th oil) \$18.25-18.35 -0.05

WTI (10th oil) \$18.25-18.35 -0.05

WTI (11th oil) \$18.25-18.35 -0.05

WTI (12th oil) \$18.25-18.35 -0.05

WTI (13th oil) \$18.25-18.35 -0.05

WTI (14th oil) \$18.25-18.35 -0.05

WTI (15th oil) \$18.25-18.35 -0.05

WTI (16th oil) \$18.25-18.35 -0.05

WTI (17th oil) \$18.25-18.35 -0.05

WTI (18th oil) \$18.25-18.35 -0.05

WTI (19th oil) \$18.25-18.35 -0.05

WTI (20th oil) \$18.25-18.35 -0.05

WTI (21st oil) \$18.25-18.35 -0.05

WTI (22nd oil) \$18.25-18.35 -0.05

WTI (23rd oil) \$18.25-18.35 -0.05

WTI (24th oil) \$18.25-18.35 -0.05

WTI (25th oil) \$18.25-18.35 -0.05

WTI (26th oil) \$18.25-18.35 -0.05

WTI (27th oil) \$18.25-18.35 -0.05

WTI (28th oil) \$18.25-18.35 -0.05

## COPPER - LME

Close Previous High/Low

Sep 784 790 790 778

Oct 825 825 825 814

Nov 845 845 845 830

Dec 857 857 857 840

Jan 868 868 868 850

Feb 877 877 877 860

Mar 884 884 884 865

Apr 895 895 895 876

May 919 919 919 900

Turnover: 6765 (5891) lots of 10 tonnes

100 indicator prices (50K per tonne) Daily price for Sep 2 \$18.25 (50K) 10 day average for Sep 2 \$18.25 (50K)

COFFEE - LME

Close Previous High/Low

Sep 1296 1300 1316 1297

Oct 1285 1285 1285 1275

Nov 1190 1190 1210 1190

Dec 1195 1195 1200 1182

Jan 1192 1192 1192 1180

Turnover: 3513 (469) lots of 5 tonnes

100 indicator prices (50K per tonne) Daily price for Sep 2 \$18.25 (50K) 10 day average for Sep 2 \$18.25 (50K)

POTATOES - LME

Close Previous High/Low

Apr 78.7 79.7 81.0 80.0

May 82.1 82.1 82.1 81.5

Turnover: 21 (12) lots of 20 tonnes

SOYABEANS - LME

Close Previous High/Low

Sep 1425 1425 1425 1412

Oct 1470 1470 1470 1460

Nov 1485 1485 1485 1475

Dec 1485 1485 1485 1475

Jan 1485 1485 1485 1475

Feb 1485 1485 1485 1475

Turnover: 39 (17)

GRAINS - LME

Close Previous High/Low

Nov 102.10 102.10 102.10 102.50

Dec 102.10 102.10 102.10 102.50

Jan 102.10 102.10 102.10 102.50

Feb 102.10 102.10 102.10 102.50

Mar 102.10 102.10 102.10 102.50

Apr 102.10 102.10 102.10 102.50

May 102.10 102.10 102.10 102.50

Jun 102.10 102.10 102.10 102.50

Jul 102.10 102.10 102.10 102.50

Aug 102.10 102.10 102.10 102.50

Sep 102.10 102.10 102.10 102.50

Oct 102.10 102.10 102.10 102.50

Nov 102.10 102.10 102.10 102.50

Dec 102.10 102.10 102.10 102.50

Jan 102.10 102.10 102.10 102.50

Feb 102.10 102.10 102.10 102.50

Mar 102.10 102.10 102.10 102.50

Apr 102.10 102.10 102.10 102.50

May 102.10 102.10 102.10 102.50

Jun 102.10 102.10 102.10 102.50

Jul 102.10 102.10 102.10 102.50

Aug 102.10 102.10 102.10 102.50

Sep 102.10 102.10 102.10 102.50

Oct 102.10 102.10 102.10 102.50

Nov 102.10 102.10 102.10 102.50

Dec 102.10 102.10 102.10 102.50

Jan 102.10 102.10 102.10 102.50

Feb 102.10 102.10 102.10 102.50

Mar 102.10 102.10 102.10 102.50

Apr 102.10 102.10 102.10 102.50





LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Stock	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598
-------	-------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

## AUTHORISED UNIT TRUSTS

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

[illegible]

---

---

● ET Cityline Unit Trust Prices are available over the telephone. Call the ET Cityline Help Desk on (071) 873 4378 for more details.

[illegible]

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (771) 873 4378 for more details.

### MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and the designated \$ will run prefer ratio to U.S. dollar. Yield also for all buying expenses. Prices of certain older issues listed below subject to capital gains tax on selling. Distribution free of the United States income taxes. Plans, a Share premium included, is provided as a UK (UK residents) for Collective investment in Transferable Securities. Offered price includes all expenses except agent commission. 2. Provider's share price. 3. Summary report. Suspended. 4. Yield before January 1st. 5. Ex-emption. Only available to eligible holders. 6. Taxation status. See notes on the back of the prospectus. 7. The following information (\*) Funds are still regulated. The regulatory authorities issue funds are: Supervisors; Financial Services Commission; Central Bank of Ireland; Ltd of Reg; Reg Supervision Commission; Jersey Financial Services Dept.



MARKET FUNDS  
FINANCIAL TIMES TUESDAY SEPTEMBER 7 1993  
41

WORLD STOCK MARKETS

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

Table with 3 columns: Country, Stock Name, Price. Includes sections for Australia, Canada, Germany, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, USA, and others.

IS THIS YOUR OWN COPY OF THE FINANCIAL TIMES? Or do you rely on seeing someone else's? Every day the FT reports on the topics that matter to people doing business every day, in and from Europe. We cover the latest European, U.S. and international news, and analyse the implications from a European perspective. In fact you'll find far more than finance in the FT. No surprise then, that the Financial Times is read by over four times as many senior European businessmen and women as any other international newspaper. Make sure you're one of them by getting your own copy of the newspaper delivered daily to your office.

EUROPE

# Mixture of responses to absence of Wall St

EUROPEAN bourses traded moderately in the absence of Wall Street yesterday, writes our Markets Staff.

STOCKHOLM saw Volvo Bx fall SKr7 to SKr483 after the announcement of its merger with Renault, the French car group. The shares had been suspended for most of the day ahead of the long-awaited announcement and were only traded in the last 45 minutes of the session and initially gained ground to SKr500, a year's high.

The Affärsvärlden general index closed up 8.00 at 1,280.7 in turnover of SKr1bn.

FRANKFURT lost a lot of ground on the weaker dollar, with the DAX index shedding 14.88 to 1,910.28 in turnover down to DM3.3bn from Friday's DM3.6bn.

Among those sectors suffering were cars, chemicals, and steel. Volkswagen, lost DM7.70 or 2 per cent to DM372.00 in

The markets in the US and Canada were closed yesterday for Labor Day.

reaction to weekend news of losses at Seat, its Spanish subsidiary.

Banks remained resilient to deeper weakness: Deutsche AG DM4.50 at DM73.00, Commerzbank down DM2.50 at DM316.50 and Dresdner off 50 pfes at DM419.

Daiwa's research team has recently rated the European banking sector a hold given good double digit profit growth in 1993 and further improvement expected in 1994.

PARIS closed slightly higher in subdued trading. The

## FT-SE Actuaries Share Indices

	September 6	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Actuaries 100	1285.07	1283.79	1282.80	1282.23	1282.52	1282.56	1282.56	1284.01	1284.01
FT-SE Actuaries 200	1376.81	1374.38	1372.46	1371.87	1372.43	1372.83	1373.15	1371.80	1371.80

Best value 1000 continuing holdings: 100 - 1285.07, 200 - 1376.81, 300 - 1281.49, 400 - 1280.25

CAC-40 index added 1.87 to 2,157.96 in turnover of FF2.8bn.

Among the day's gainers was Carrefour up FF25 at FF23.00 as the group, reporting first half figures, said that it expected a rise in full year profits.

MILAN was dominated by profit-taking pressure on Fiat and the Comit index shed 12.05 or 1.9 per cent to 616.90.

Fiat fell L338 or 4.9 per cent to L6,587. Analysts attributed the decline to futures-related trading ahead of Friday's options expiry, continuing speculation of a large capital rise, and disappointment at the absence of an announcement by the end of August to resolve the long running speculation about an international alliance or asset sale.

Mediolan shed L617 to L17,398 with news of its call to investors for fresh funds coming late in the day.

Against the trend Ferruzzi rose L34 to L374.5 amid talk of stake building ahead of the announcement, expected later this month, of a rescue package being put together by creditors.

ZURICH succumbed to a round of profit-taking which left the SMI index 42.6 or 1.9

per cent lower at 2,392.2.

Virtually all the recent strong performers were affected. Roche certificates shed SF115 to SF14.40 while Nestlé ended SF14 lower at SF1.063.

Bank shares were lower but off their worst for the day. UBS fell SF28 to SF1.127, CS Holding SF56 to SF1.230 and SBC SF10 to SF1.452. Smith New Court in London notes that while the stocks have performed strongly in recent months, they are currently no more expensive than they were a year ago following recent result-led earnings upgrades.

BRUSSELS fell back on profit-taking after strong gains on Friday when the market gained ground on expectations of an imminent devaluation of the currency. The Bel-20 index closed down 9.12 at 1,341.52 in turnover estimate at BF1.6bn.

AMSTERDAM closed moderately lower. The CBS Tendency index off 0.4 at 127.3 with Ahold down FL150 at FL98.00 ahead of today's second quarter figures.

WARSAW stocks leapt by their daily 10 per cent limit as the WIG index jumped 667.2 or 9.7 per cent to 7,661 in record turnover of 1,360bn zloty.

By John Pitt

Plenty of records were broken last week, particularly among markets on the Pacific Rim, while special situations boosted activity in Tokyo.

In continental Europe records were set on Tuesday in Germany, France and the Netherlands, although activity weakened thereafter, leaving the FT-Actuaries European component of the World index down almost 1 per cent on the week.

The World index gained 0.5 percentage points in local currency terms last week.

Mr Michael Woodcock of Nikko Europe comments that the French equity market has risen by 17.5 per cent in the last three months, and is selling on a p/e of 23.9 times 1993 earnings, compared with 15.7 for the UK and 28 times for Germany.

He adds that "US investors remain overweight in French equities, but the domestic press is increasingly uneasy about the level of the market

in the absence of an interest rate cut".

Indeed, the absence of a rate cut in France was one reason for the decline in the market, as some investors had been hoping for the Bank of France to make an announcement as early as last Monday. Another contribution to the fall back in Paris was a spate of disappointing interims from, among others, Elf Aquitaine, Rhône Poulenc and Club Med.

This Thursday sees another Saba meeting, and the market will be hoping for a slight easing in interest rates. The UBS Global research team are not alone in forecasting a cut of 50 basis points in official rates on Thursday.

"While German domestic monetary conditions have hardly changed dramatically since the last [Buba] meeting, the D-Mark's strength and Mr Otmar Issing's soothing message on inflation will tip the balance in favour of an easing move," writes UBS in its latest strategy document.

The research team at UBS also notes that "those inclined to abandon the turmoil of

Europe and switch into Japan would be wise to note that in dollar terms Japan has risen 50 per cent this year, and Europe less than 20 per cent".

If monetary easing is accelerated, they add, then European markets are likely to advance whereas Japan's upside is limited.

Spain was one of the world's worst performing markets last week after seeing a record high on Monday, the index retreated sharply over the next four days and did not respond at all to Friday's interest rate cut.

In Asia there was an impressive performance from Malaysian equities, while Singapore also hit a succession of record highs during the week.

The recent dynamism of Malaysia has as much to do with the impressive strength of the economy as 1993 GDP growth forecast at 8.6 per cent and inflation expected to fall from 4.5 per cent to 4.0 per cent by the end of 1994 - as with high liquidity and expectations of sharp falls in interest rates.

## Europe, Pacific Rim markets break records

### MARKETS IN PERSPECTIVE

	% change in local currency	% change in US \$	% change in US \$
	1 Week	4 Weeks	1 Year
Australia	+1.45	+3.72	+36.51
Belgium	+1.68	+0.56	+28.54
Denmark	+1.09	+0.63	+33.50
Finland	+4.39	+0.83	+108.45
France	+1.16	+0.72	+22.83
Germany	+0.98	+2.70	+25.14
Italy	-0.65	+1.78	+42.84
Netherlands	-1.84	+5.81	+91.88
Norway	-0.15	+3.95	+27.33
Spain	-2.73	+6.42	+39.20
Sweden	+1.42	+2.28	+62.69
Switzerland	-1.28	+0.53	+36.45
UK	-1.39	+2.77	+32.59
EUROPE	-0.90	+2.57	+33.63
Australia	+0.52	+5.39	+23.04
Hong Kong	+1.26	+0.44	+26.38
Japan	+1.76	+2.51	+20.33
Malaysia	+4.80	+12.02	+75.96
New Zealand	-0.20	+6.09	+42.47
Singapore	+1.62	+10.12	+51.26
Canada	+0.04	+4.20	+10.20
USA	+0.23	+10.72	+15.88
Mexico	-0.11	+7.29	+37.71
South Africa	-2.11	-3.47	+24.50
WORLD INDEX	+0.47	+2.70	+20.12

Based on September 2nd 1993. Copyright, The Financial Times Limited, London, South Africa and New Zealand Securities Limited.

## Israel soars on peace prospects

Julian Ozanne in Jerusalem reports on the rally in equities

Israeli optimism about an imminent Middle East peace agreement, coupled with favourable economic indicators, has sent stocks soaring on the Tel Aviv stock exchange to record highs.

The Mishkanim 100 blue chip share index closed yesterday at 229.04 - up 1.9 per cent over Sunday's close, continuing an upward trend.

Since the revelation of an Israeli-Palestinian peace agreement eight days ago the Mishkanim index has climbed nearly 28 points from 201.09 on Sunday August 29, a cumulative increase of more than 13 per cent.

The MOAF options index of the leading 25 companies has climbed even higher during the same period, up almost 34 points from 188.22 to 222.09 at yesterday's close, a rise of 17 per cent.

The TASE has also experienced record volumes with trading on Sunday reaching an

all-time high of Shk410m. Mutual funds have been leading the trading surge with huge stock purchases.

"What we are seeing is the reaction to the optimistic view of people in Israel about the economic aspects about peace,"

Market analysts expect the surge to continue with a knock-on effect in the medium and small companies in coming days.

Ms Pri-san said investors, including foreign buyers, expected an imminent eco-

Apart from optimism about peace, the market is also responding, say analysts, to expectations of higher economic growth in the last two quarters of 1993 and falling interest rates. Investors also expect better corporate results in the last two quarters

said Ms Hanna Pri-san, the head of Bank Hapoalim securities. "The whole region is going to change."

"Although the market started in a little profit-taking yesterday, soon people decided they want to be in, not out and they are ready to pay."

nomics dividend from the peace agreement in vasty expanded trade with Arab countries, massive foreign investment in new projects and regional integration in fields like tourism.

"People waited to get in the market until they were sure that Syria, Jordan and the Gulf

states were behind the peace process," she said. "If you go through the sectors of the economy almost every field, except high technology defence, is going to improve under peace - agriculture, telecommunications, infrastructure - and it is possible that Israel will become a financial sector for the Middle East."

Apart from optimism about peace, the market is also responding, say analysts, to expectations of higher economic growth in the last two quarters of 1993 and falling interest rates. Investors also expect better corporate results in the last two quarters of 1993, partly as a result of improvement in the bond market in which many Israeli companies have invested heavily. The market has also seen several extremely successful flotations of shares in large companies, like the recent placing of 20 per cent of Bank Leumi.

## Brazilian equities up 3.8 per cent

BRAZILIAN shares were 3.7 per cent higher at midsession in light trade as investors continued to buy telecom, utility and steel sectors.

The Bovespa index was up 418 at 11,692.

State power utilities were strong on hopes that the sector will be the next one to be privatised. Mr Fernando Henrique Cardoso, the economy minister, said in a recent interview that he would announce changes to the privatisation programme later this month. Analysts expect the minister to include the government's outstanding social security debts as a means of payment in the privatisation auctions of the sector.

Mr Cardoso has also said that he is planning to accept outstanding debt owed by the federal government to the electrical firms (CER) in the privatisation auctions of the sector.

ASIA PACIFIC

## Singapore sees fourth consecutive record close

Tokyo

PRICES were depressed by some late institutional selling and the Nikkei average lost some ground after its advances of the previous two sessions, writes Emiko Terazono in Tokyo.

The 225-issue average, which hit a high for the year on Friday, fell 55.40 to 12,080.81. Growing hopes of a cut in the official discount rate pushed the index up to the day's high of 21,349.92 in the morning session. However, it fell back during the final hour of trading, registering the day's low of 21,055.31 just before the close.

Volume totalled 250m shares, against 471m. Overall rises held a narrow lead over declines by 499 to 472, with 220 issues unchanged, but the Tokyo index of all first section stocks shed 1.78 to 1,896.91. In London the ISE/Nikkei 50 index firmed 1.90 to 1,301.44.

Weekend reports of an imminent discount rate cut prompted arbitrage buying while purchases by overseas investors supported prices. However, domestic institutions, including life insurers and corporations, took profits.

Traders said that many investors remained on the sidelines ahead of the Bank of Japan's tankan, or the quarterly report on business sentiment, which is scheduled to be released on Friday and is

expected to be followed by an easing of monetary policy.

Pharmaceuticals and biotechnology-related issues were popular ahead of a spate of medical conferences. Sanryo, the most active issue, rose Y10 to Y2,860 and Daiichi Pharmaceutical gained Y20 to Y1,780.

Food shares were also higher with Ajinomoto adding Y30 to Y1,470 and Kirin Brewery up Y30 to Y1,290.

Banks faced profit-taking. Industrial Bank of Japan fell Y10 to Y3,540 and Mitsubishi Bank fell Y30 to Y2,940. Profit-taking also hit high-technology issues. Toshiba fell Y6 to Y707 and Olympus Optical lost Y100 to Y1,180.

DDI, the long distance telecom company which listed on the second section of the Tokyo stock exchange, rose Y400,000 to Y5.5bn. However, Nippon Telegraph and Telephone, fell for the third consecutive day, losing Y6,000 to Y949,000.

In Osaka, the OSE average rose 24.70 to 23,090 in volume of 24m shares.

Roundup

THE Pacific Rim saw some positive performances. SINGAPORE continued its record-setting run, the Straits Times Industrial index adding 3.69 for a fourth consecutive closing high of 2,045.38. Late profit-taking had brought the

index back from an intra-day record 2,055.53.

HONG KONG erased morning losses and closed slightly higher, straggling off renewed signs of friction between China and Britain. However, trade was sluggish and the Hang Seng index ended 7.53 higher at 7,518.65, after falling around 30 points earlier. Turnover was a thin HK\$2.98bn.

Overseas demand for Hutchison lifted the stock by 20 cents to HK\$24.30, while HSBC Holding held steady at HK\$82.50 after late buying erased an early decline of 50 cents.

AUSTRALIA picked up after Friday's fall, helped by a more stable local currency and some renewed foreign demand. The All Ordinaries index closed 10.5 higher at 1,962.5 in light turnover of A\$267m. News Corp was 36 cents higher at A\$10.55, off highs of A\$10.84, while BHP jumped 20 cents to A\$18.00 and Small rose 25 cents to A\$4.46.

BOMBAY was hit by a new crisis triggered by fallout from the year-old securities scandal and the BSE-30 index fell 42.86 to 2,621.20. Prices fell after the income tax authorities said they had confiscated a large number of shares of Associated Cement which a broker had placed with proxies.

TAIWAN closed at a six-month low in sluggish trade as hopes faded for a looser central bank monetary policy. The weighted index slumped 40.76 to 3,815.54.

## S Africa mixed in low volume

SHARES closed mixed after a day of low volume.

The gold index ended 8 higher at 1,653, helped by the stronger bullion price of \$364.90 an ounce in London.

Industrials lost 11 to 4,586 and the overall index was 4 lower at 3,951.

De Beers eased 25 cents to R85.75 while Anglo shed R1 to R133.50.

Johnson's shed 50 cents ahead of today's annual results, while Lohr's gained 25 cents to R2.10.

Vaal Reefs R3 to R3.39 but Kloof rose 50 cents to R4.75. Southvaal added R1 to R119.

Oil companies gained on news of a petrol price increase: Sasol added 25 cents to R19.75 and Engen added 25 cents to R37.25.

Among industrial shares, Barlow Rand was unchanged at R41.25 while South African Breweries was down 50 cents to R62.50.

# Thanks for the vote of confidence.

LIFFE's Three Month ECU

LIFFE's ECU Designated Market Makers

We've received two big ticks from investors over the last year.

The first is for the Three Month ECU futures contract itself. In the twelve months to June 1993, open interest is up 187% and volume 165%.

LIFFE's designated market maker scheme for the Three Month ECU contract has also worked very well, and has been one of the major reasons for this spectacular growth, together with LIFFE members' growing

involvement in the contract.

The six major institutions listed below ensure liquidity on request as designated market makers, and have renewed - indeed strengthened - that commitment.

For further details on the ECU contract, the designated market maker scheme, the new commitment and a list of members who actively broke the contract, please contact LIFFE's Business Development Department.

- The following will continue to ensure liquidity as designated market makers for the Three Month ECU:
- First Chicago Futures Inc (acting on behalf of First National Bank of Chicago)
  - Industria Bancario San Paolo di Torino S.p.A.
  - Kreditbank N.V.
  - Midland Global Futures/Div Midland Bank Plc (acting on behalf of Hong Kong & Shanghai Banking Corporation)
  - NetWest Futures Limited (acting on behalf of National Westminster Bank Plc)
  - UBS Futures & Options Limited (acting on behalf of Union Bank of Switzerland)

LIFFE

LIFFE, Cannon Bridge, London EC4A 3XL. Tel: 071 622 0444 Fax: 071 248 9864

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

	FRIDAY SEPTEMBER 3 1993	THURSDAY SEPTEMBER 2 1993	DOLLAR INDEX
	US Dollar Index	US Dollar Index	US Dollar Index
Australia (69)	142.30	142.30	142.30
Austria (17)	177.24	177.24	177.24
Belgium (42)	150.86	150.86	150.86
Canada (107)	126.93	126.93	126.93
Denmark (32)	229.97	229.97	229.97
Finland (23)	106.18	106.18	106.18
France (97)	188.10	188.10	188.10
Germany (60)	128.78	128.78	128.78
Hong Kong (55)	296.44	296.44	296.44
Italy (15)	171.79	171.79	171.79
Japan (470)	160.70	160.70	160.70
Malaysia (69)	406.73	406.73	406.73
Mexico (19)	780.28	780.28	780.28
Netherlands (24)	185.56	185.56	185.56
New Zealand (13)	60.73	60.73	60.73
Norway (22)	170.85	170.85	170.85
Spain (68)	299.88	299.88	299.88
South Africa (60)	188.18	188.18	188.18
South Korea (31)	138.43	138.43	138.43
Sweden (58)	218.20	218.20	218.20
Switzerland (50)	130.04	130.04	130.04
United Kingdom (218)	190.10	190.10	190.10
USA (120)	185.57	185.57	185.57
Europe (743)	156.87	156.87	156.87
Nordic (113)	172.25	172.25	172.25
Pacific Basin (714)	164.58	164.58	164.58
Euro-Pacific (1463)	182.11	182.11	182.11
North America (827)	184.73	184.73	184.73
Europe Ex. UK (531)	139.08	139.08	139.08
Pacific Ex. Japan (240)	202.96	202.96	202.96
World Ex. US (1649)	182.17	182.17	182.17
World Ex. UK (1551)	167.99	167.99	167.99
World Ex. So. At. (2109)	189.95	189.95	189.95
World Ex. Japan (1699)	176.94	176.94	176.94
The World Index (2160)	169.95	169.95	169.95

Copyright, The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited, 1997. Latest prices were unavailable for this edition.